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SPEECHES

OF

GOPAL KRISHNA GOKHALE

I recognize no limits to my aspiration for our Motherland. I want our people to be in their own country what other people are in theirs. I want our men and women, without distinction of caste or creed, to have opportunities to grow to the full height of their stature, unhampered by cramping and unnatural restrictions. I want India to take her proper place among the great nations of the world, politically, industrially, in religion, in literature, in science and in arts. I want all this and feel at the same time that the whole of this aspiration can, in its essence and its reality, be realized within this Empire.—Speech at Allahabad, 4th February 1907.

PRICE Rs. FOUR.

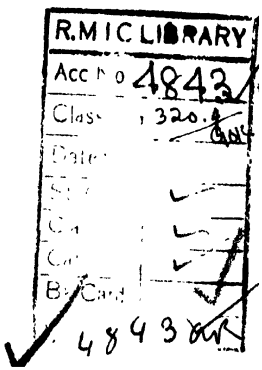
THIRD EDITION.

G. A. NATESAN & CO., MADRAS.

1920

PUBLISHERS' NOTE.

This is the third edition of Gokhale's Speeches. The publishers have availed themselves of this opportunity to add some important papers in connection with the Morley-Minto Reforms as also Mr. Gokhale's last political testament on Post-War reforms for India.


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PREFACE TO THE SECOND EDITION.

The first edition of the "Speeches and Writings of Gopal Krishna Gokhale" was published by me in 1908. The idea of publishing a second edition matured a few months before his death, and Mr. Gokhale himself was to have selected the matter. But that was not to be, and I have been denied the privilege of presenting him with a copy of this volume.

Every endeavour has been made to make this collection comprehensive and up-to-date. The full text of all his speeches in the Imperial Legislative Council has been given. To prevent the volume from assuming an inordinate size some matter had to be omitted. But nothing of any interest has been sacrificed. The omissions, which are few in number, are earlier utterances which speeches of a later date have superseded.

The first part includes all his utterances in the Supreme Legislative Council; the second and third parts contain his important Congress speeches and his notable utterances on the South African Indian question; in the fourth part we have his

speeches in appreciation of Mr. A.O. Hume, Lord Northbrooke, Mr. Dadabhai Naoroji, Mr. Mahadev Govind Ranade, Mr. W. C. Bonnerjee, Sir P. M. Mehta, Sir William Wedderburn, and others; the fifth part comprises a selection of miscellaneous speeches delivered in England and India. The sixth part contains his evidence before the Welby Commission and the full text of the Note prepared by him for the Royal Commission on Decentralisation. In the Appendix will be found his paper on "East and West in India" read at the Universal Races Congress, and the Constitution of the Servants of India Society founded by him in 1905.

These speeches cover thirty years of a most strenuous, selfless and active public life and embrace the whole range of topics that have engaged and are still engaging the attention of the public. Full of instruction on every point and breathing in every line the moral fervour which was Mr. Gokhale's supreme characteristic, this volume, I venture to hope, will command wide popularity.

Feb., 1916. G. A. NATESAN.

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G. K. GOKHALE



G. K. GOKHALE
IN PROFESSOR'S ROBES.

G. K. GOKHALE.

A SKETCH.

Mr. Gokhale was a Maratha Brahmin and thus belonged to a class of people who are not in the good books of Anglo-Indians. But the Maharashtra, the country of the Marathas and the origin and centre of the Maratha supremacy in the 18th century, has produced some of the finest intellects, the noblest minds and stoutest hearts in India. Though the last to pass under British rule, the people were soon reconciled to the change and came to appreciate the benefits of that rule. But the intellects of Maharashtra showed a vigour and a power of independent thought that were rare elsewhere and thus created against them a prejudice which has not disappeared even to-day. They perceived the urgent need of reform in various directions and started institutions for the purpose of preparing the people for progress—institutions based on the foundation of self-sacrifice and public spirit. Among these institutions typical of Maharashtra, the Deccan Education Society of Poona, the centre of Mahratta patriotic activities, takes a very high rank. It was in 1879 that a few enthusiastic young men like the late Mr. V. K. Chiplunkar, the late Mr. M. B. Namjoshi, the late Mr. G. G. Agarkar, and Mr. B. G. Tilak, with the advice and approval of leading people like Mr. Mandlik and Mr. Ranade, started the New English School at Poona with the object of cheapening and facilitating education and making it available for all classes by opening schools and colleges under

private management. That small seed steadily grew into a large tree under whose genial shade thousands of young men are comfortably drinking at the inspiring fountain of education. The Deccan Education Society, established in 1884 to give a regular shape to this educational activity, is a unique institution in India. The Life Members, those who conduct the Fergusson College, the schools and other institutions of the Society, bind themselves to serve for a period of 20 years on a small salary which is but a subsistence allowance. Their sacrifice has enabled them to develop the educational institutions under their charge to such an extent that no less than 3,600 pupils are to-day receiving their education in the college and schools of the D. E. Society.

Mr. Gokhale was born at Kolhapur in 1866 of poor parents. He passed his Intermediate Examination from the local college and prosecuted his further studies partly at the Elphinstone College, Bombay, and partly at the Deccan College, Poona. He graduated in 1884 and immediately joined the D. E. Society as a Life Member. Fergusson College was opened on the second day of the year 1885, and Mr. Gokhale was soon called upon to lecture to college classes on English Literature and Mathematics. As a lecturer he made his mark, and his success was not a little due to his hard work and powerful memory. History and Political Economy had, however, great fascination for him, and it was in these subjects that he greatly shone. His command of English, his masterly manner of putting things before his students and his fine grasp of the subjects he expounded, attracted crowded classes, and his students even now remember how charmed they were by his splendid exposition and eloquence. So long as he was connected with the D. E. Society, he was a tower of strength to it and

worked hard to develop Fergusson College and its sister institutions.

Life Members of the D. E. Society are not merely teachers or professors as people outside suppose. Besides doing the teaching work which falls to his share, each Life Member has to take part in the work of organisation, expansion, and management of the growing institutions of the Society. He has to go about collecting funds, and is responsible, along with his colleagues, for the proper administration of the funds and the conduct and control of the college and schools. Mr. Gokhale's period of Life Membership was certainly an excellent training for the wider public life on which he formally entered on his retirement. We say formally, because even while a Life Member, he had been devoting his time and energies to very useful public work in the political and other spheres. But the years he had devoted to the cause of the D. E. Society as a young man had left a profound impression upon his mind. The lesson taught by this experience *viz.*, that a band of enthusiastic young men, animated by a desire to serve their country and fortified by self-sacrifice, can achieve success in promoting public good, encouraged Mr. Gokhale only three years after his retirement from the D. E. Society to start a new institution working on the same principle of sacrifice but having a wider sphere of activities—*viz.*, the Servants of India Society. The two institutions are situated near each other on fine sites on the outskirts of Poona and, animated with the same spirit, are the admiration and the hope of the whole country.

Mr. Ranade, the maker of Maharashtra as he has been called, was the source of the inspiration which led to a general upheaval in the Deccan and outside more than forty years ago, and Poona became the centre of the public activities almost all of which

were guided by that master-mind. The *Sarvajanik Sabha* of Poona was one among the several institutions which were doing public work, and Mr. Ranade's influence had not a little to do with its popularity and success. We have already said that that great man of Poona had the faculty of attracting and attaching to himself men of various types and of making them put forth their best in the service of the country. Mr. Gokhale was one among the young men who were drawn into Mr. Ranade's orbit and under that great man began his training for public life. Naturally possessed of rare capacity, aptitude, and energy, he utilized to the full the opportunity thus obtained and his progress was rapid. In 1887 Mr. Gokhale became editor of the quarterly journal of the *Sarvajanik Sabha*, which was remarkable for its intelligent, throughing-going and outspoken discussion of the important public questions of the day and its capable representation of the popular attitude towards them. Mr. Gokhale studied under the eye of the master and was not ashamed of being a subaltern. This was largely the secret of his success. His devotion to Mr. Ranade was almost religious and his regard for another great leader was avowed not many years ago when he said that he would rather be in the wrong with Sir Pherozeshah Mehta than in the right with any one else.

One point that must be noted here is that it was not only habits of assiduous study and a firm grasp of public questions that he owed to his association with Mr. Ranade; he picked up something still more valuable, *viz.*, moral fervour, spiritual elevation, wide sympathies and liberal principles. He was a thorough believer in moral and social reform and the development of character as the foundation of national progress, and he held strongly that if India is to rise

from her present position we must advance socially and morally as much as politically and economically. Mr. Gokhale was for some years one of the editors of an Anglo-Marathi Weekly of Poona named the *Sudharak* or Reformer and was thus associated in the work of one of the boldest, sincerest and ablest of reformers in the Deccan, *viz.*, the late Principal Agarkar. He was likewise Secretary to the Bombay Provincial Conference for four years and to the Indian National Congress when it met in Poona in 1895. That session was remarkable for an exhibition of what has become notorious as Poona politics, a bitter taste of which the whole country obtained at Surat in 1907. The opposition of the reactionaries was mainly factious and personal. They kicked up a great row but under the wise guidance of Mr. Ranade both the Congress and the Social Conference were safely piloted to the port. But the fiend of factious zeal and reaction had been roused, and the friends of liberalism and moderation in Poona had to found a new political association of their own, *viz.*, the *Deccan Sabha* of which Mr. Gokhale became Secretary.

In 1897, Mr. Gokhale was called upon to give evidence before the Royal Commission on Indian Expenditure presided over by Lord Welby. It was an ordeal before which any man in Mr. Gokhale's position would have quaked. Thanks, however, to the splendid mastery he had won by hard labour over his favourite subject, the young Professor from the Fergusson College faced the fire of cross-examination in the most creditable manner and added a new feather to his cap.

For two years, 1900 and 1901, Mr. Gokhale was an elected member of the Bombay Legislative Council, and while there, he gave a foretaste of the splen-

did work he achieved in a higher sphere as a critic of the policy and measures of Government. His speeches in the Council were remarkable for their knowledge and outspokenness and Mr. Gokhale's tenure of the councillorship of the Bombay Legislature will be remembered for the vigorous speech he made against the land-revenue policy of Government under which a restricted tenure was created depriving cultivators of their power of alienating land. There was very strong opposition to the bill in the province and it was reflected in the Council by popular representatives headed by the late Sir Pherozeshah Mehta. The agitation against the measure was characterised by officials as a money-lender's agitation, which was of course far from being true and when an appeal to Government to postpone the further consideration of the bill in deference to the earnest request of the people failed, Messrs. Mehta, Gokhale and other non-official members left the Council Chamber as a protest against official obstinacy and indifference to popular opinion. In 1902 Mr. Gokhale filled Mr. Pherozeshah's place in the Supreme Legislative Council as the only man on whom the mantle of that great veteran could fittingly fall, and from that time till his death he continued to represent true public opinion in the highest Legislative Chamber in the land with ability, outspokenness and statesmanship, which, it is no exaggeration to say, have never been equalled. Criticism and especially able criticism of the policy and measures of Government has always been resented by officials and the Anglo-Indian press, and according to them the proper *role* of the exponents of public opinion in our Legislative Councils is to listen and acquiesce. But Mr. Pherozeshah had made his presence felt in the Viceroy's Council and a stouter champion of the people's cause and a more unsparing

critic of the official class could not be found. His successor had to deal, on his advent into the Council, with such a masterful personality as Lord Curzon, and Mr. Gokhale soon showed that the cause of the public could not have been placed in more competent hands, and the Viceroy himself realized that he had to cross swords with an adversary whom it was not easy to overcome.

In 1902, having fulfilled his vow, Mr. Gokhale retired from the Life Membership of the D. E. Society and launched upon a new stage in his career. In the touching reply he gave to the farewell address presented to him by the students of Fergusson College on the eve of his retirement, Mr. Gokhale spoke with extreme diffidence about his success in the new role he was assuming and compared himself to a man who, fascinated by the irresistible charms of the sea, trusted himself and his all to its waves and was overwhelmed by the pitiless billows. He went on to observe:—

"Here I am with a settled position in this college and having for my colleagues, men with whom it is a pleasure and a privilege to work, and whose generosity in overlooking my many faults and magnifying any little services I may have rendered, has often touched me deeply. And yet, I am giving up all this to embark on the stormy and uncertain sea of public life. But I hear within me a voice which urges me to take this course, and I can only ask you to believe me when I say that it is purely from a sense of duty to the best interests of our country, that I am seeking this position of greater freedom but not necessarily of less responsiblity. Public life in this country has few rewards and many trials and discouragements. The prospect of work to be done is vast, and no one can say what is on the other side—how all this work may end. But one thing is clear. Those who feel in the matter as I do must devote themselves to the work in a spirit of hope and faith and seek only the satisfaction which comes of all disinterested exertions."

Mr. Gokhale's retirement was indeed a great loss to the D. E. Society, but what a gain has it been to the country at large! The frail and storm-tossed bark

of which he spoke turned out to be a big ocean-steamer successfully riding the waves of public life and taking India towards the harbour of her deeply cherished ideal. Mr. Gokhale's remarks quoted above, however, correctly represent the enormous difficulties which an Indian entering upon public life has to face in this country and the disappointment which falls to his lot.

It is superfluous to say that in the Imperial Legislative Council, of which he was one of the most distinguished members, Mr. Gokhale rendered invaluable services to the people and Government. He was a staunch advocate of financial, administrative and economic reform and consistently urged upon the attention of Government the necessity of taking measures to promote the moral and material development of the people of this country. Before the year 1909, when the reformed Councils came into existence, Hon'ble members of the legislatures had no right to move resolutions and all the criticism they had to offer and all the suggestions they had to make, had to be concentrated in their budget speeches. Mr. Gokhale's speeches in the Supreme Legislative Council in the pre-reform period constitute a splendid literature which all those who want to study the development of our financial and material condition should make it a point to read, mark, and inwardly digest. They give a luminous exposition of the policy and measures of Government from year to year and bring out the hopes, the aspirations and needs of the people in a most instructive manner. Mr. Gokhale pleaded for a more liberal and sympathetic policy in the administration, for retrenchment and economy, for the spread of education among the masses and for the systematic promotion of their material prosperity. His budget speeches, therefore, make most

enlightening and instructive reading and form, as it were, a text-book for a student of public questions in India.

In concluding his budget speech of 1903, he thus referred to the question of administrative reform:

"No one denies that the difficulties of the position are great, no one expects radical or far-reaching changes all in a day. What one regrets most, however, in the present system of administration is that it favours so largely a policy of mere drift. The actual work of administration is principally in the hands of the members of the Civil Service, who, taken as a body, are able and conscientious men; but none of them individually can command that prestige, which is so essential for inaugurating any large scheme of policy involving a departure from the established order of things. The administrators, on the other hand, who come out direct from England, command no doubt the necessary prestige, but their term of office being limited to five years, they have not the opportunity, even if they had the will, to deal in an effective and thorough-going manner with the deeper problems of the administration. The result is that there is an inveterate tendency to keep things merely going as though every one said to himself; 'This will last my time.' What the situation really demands is that a large and comprehensive scheme for the moral and material well-being of the people should be chalked out with patient care and foresight, and then it should be firmly and steadily adhered to and the progress made examined almost from year to year."

The continuous growth of military expenditure has been the subject of persistent criticism at the hands of Indian politicians, and what lends point to the criticism is the galling consciousness of the people that they are not allowed to undertake the responsibilities of national defence by being enrolled as Volunteers or being admitted to higher posts in the Army. While public attention to this latter aspect of the question has now been attracted in India, it is interesting to note the appeal Mr. Gokhale made to Government in this behalf in his Budget Speech in 1904. He said:—

"My Lord, His Excellency the Commander-in-Chief addressed the other day a powerful appeal to Englishmen in India to come forward and enrol themselves as volunteers from

a sense of public duty. May not the Government consider the desirability of permitting—aye, inviting—carefully selected classes from among the children of the soil to share in the responsibilities of national defence? Both sentimental and financial considerations demand the adoption of a policy of this kind; and unless this is done, the growing military expenditure of the country will in course of time absorb all available resources and cast its blighting shadow over the whole field of Indian administration."

In view of the great interest with which the subject of the Public Services in India is always invested, the views Mr. Gokhale expressed on the question in the Viceroy's Council fourteen years ago, cannot fail to be instructive. The irony of the galling situation was that while the sons of the soil were excluded from responsible posts in the public Service, the Viceroy was proclaiming that not only were the people of this country not justified in complaining of exclusion from high office, but that they were being treated with 'a liberality unexampled in the history of the world.' Unexampled liberality forsooth! In his Budget speech of 1905, Mr. Gokhale dealt with this question and observed that in spite of the Viceroy's speech and a Government Resolution magnifying the 'unexampled liberality,' the public mind remained unconvinced and that certain propositions in the Resolution had even created the unfortunate impression that it is no longer the intention of Government to adhere faithfully to the lines of policy laid down in the matter in the Parliamentary Statute of 1833 and the Proclamation of the Queen Empress in 1858. Having successfully disposed of the arguments advanced by Government to support their plea of 'unexampled liberality,' Mr. Gokhale went on to say:—

"My Lord, this question of appointment to high office is to us something more than a mere question of careers. When all positions of power and of official trust and responsibility are the virtual monopoly of a class, those who are outside that class

are constantly weighted down with a sense of their inferior position, and the tallest of them have no option but to bend in order that the exigencies of the situation may be satisfied. Such a state of things, as a temporary arrangement, may be accepted as inevitable. As a permanent arrangement, it is impossible. This question thus is to us a question of national prestige and self-respect, and we feel that our future growth is bound up with a proper solution of it."

The hasty and ill-considered changes that were made in Higher Education also met with severe criticism at the hands of Mr. Gokhale. Among the many retrograde measures of the Curzonian regime the Indian Universities Bill was one. Its introduction created great distrust and indignation throughout the country. Mr. Gokhale, himself one of the class of the much abused and "discontended B.A.'s," felt that the bill was a veiled attempt to check the progress of higher education and put back the hands of the clock. At the first meeting at which the bill was introduced, Mr. Gokhale exposed the error of the policy which prompted the Viceroy to usher in his favourite measure. He said:—

Let not Government imagine that, unless the education imparted by Colleges is the highest which is at the present day possible, it is likely to prove useless and even pernicious; and secondly, let not the achievements of our graduates in the intellectual field be accepted as the sole, or even the most important test to determine the utility of this education. I think, my Lord—and this is a matter of deep conviction with me—that, in the present circumstances of India, *all* Western education is valuable and useful. If it is the highest that under the circumstances is possible, so much the better. But even if it is not the highest, it must not on that account be rejected. I believe the life of a people—whether in the political or social or industrial or intellectual field—is an organic whole, and no striking progress in any particular field is to be looked for, unless there be room for the free movement of the energies of the people in all fields. To my mind, the greatest work of Western education in the present state of India is not so much the encouragement of learning as the liberation of the Indian mind from the thraldom of old-world ideas, and the assimilation of all that is highest and best in the life and thought and character of the West. For this purpose not only the highest but *all* Western education

is useful. I think Englishmen should have more faith in the influence of their history and their literature. And whenever they are inclined to feel annoyed at the utterances of a discontented B.A., let them realize that he is but an accident of the present period of the transition, in India, and that they should no more lose faith in the results of Western education on this account than should my countrymen question the ultimate aim of British rule in this land, because not every Englishman who comes out realizes the true character of England's mission here.

The bill was passed and it soon became law, but the country was deeply grateful to Mr. Gokhale for his valiant fight.

Mr. Gokhale was about this time Joint Secretary of the National Congress along with Mr. D. E. Wacha. He was also very busy in collecting subscriptions for a memorial to the late Mr. Justice Ranade who had departed in 1901. The city of Bombay, where Mr. Justice Ranade passed the last few years of his life, raised a memorial to him and even Madras had made an attempt to perpetuate his memory. But it was necessary that Poona, the centre and source of Mr. Ranade's activities and the place to which he was so deeply attached, should have a memorial of its own, every way worthy of the services rendered by the deceased to Maharashtra. Mr. Gokhale laboured hard for the purpose and the public response was satisfactory. The memorial has taken the form of the Ranade Economic Institute, which was formally opened by Sir George Clarke (now Lord Sydenham), the then Governor of Bombay. It was also about this time that the plans Mr. Gokhale had been maturing about the Servants of India Society, became ripe and the institution came into being in June 1905.*

In the latter part of this year Mr. Gokhale went to England on a political mission being deputed by the Bombay Presidency in accordance with a Congress resolution passed the previous year. Addressing the

* See page 914.

Fabian Society, London, he said, 'he had come from India in order to arouse the interest of the people of England in the affairs of India.' He told his audience that 'they were on the eve of a General Election, and consequently their friends in India thought this a fitting opportunity to make a special appeal to the English democracy with a view to inducing them to take some kind of interest in the affairs of that dependency.' The value of this sort of missionary work to be done in England has not been properly appreciated by many people in this country. It would be silly to expect any tangible effects to flow immediately from missions to England, but we must understand how our cause suffers owing to British ignorance and indifference. Propaganda work entrusted to capable hands like those of Mr. Gokhale is, however, sure to attain success as far as success is possible in such matters. Mr. Gokhale carried out his mission with great vigour, putting his case before the British public in that lucid, free and masterly way which characterised him.

The strenuous work Mr. Gokhale had done in the course of the year 1905, here and in England, was crowned with the most arduous duties he was called upon to perform, despite his wishes to the contrary, as President of the Benares Session of the Congress. We call those duties arduous because the position of the President of the Congress, which even under normal conditions is one of great responsibility, was rendered extremely difficult that year owing to the deep and serious unrest which the autocratic regime of Lord Curzon, the 'prancing proconsul,' had created throughout the country. Mr. Gokhale had to pass scathing criticisms upon the unwise policy that ruler had pursued during his regime, scorning and trampling on public

opinion and exasperating the people by his high-handed measures. This is the word-picture Mr. Gokhale painted of Lord Curzon:—

"The fact is that Lord Curzon came to India with certain fixed ideas. To him India was a country where the Englishman was to monopolise for all time all power and talk all the while of duty. The Indian's only business was to be governed, and it was a sacrilege on his part to have any other aspiration. In his scheme of things there was no room for the educated classes of the country; and having failed to amuse them for any length of time by an empty show of taking them into his confidence he proceeded in the end to repress them. Even in his last farewell speech at the Byculla Club in Bombay, India exists only as a scene of the Englishman's labours with the toiling millions of the country—eighty per cent. of the population—in the background. The remaining twenty per cent., for aught they were worth, might as well be gently swept into the sea! . . . Lord Curzon's highest ideal of statesmanship is efficiency of administration. He does not believe in what Mr. Gladstone used to call the principle of liberty as a factor of human progress. He has no sympathy with popular aspirations and when he finds them among a subject people, he thinks he is rendering their country a service by trying to put them down."

The *Swadeshi* movement, which was the direct product of the anti-partition agitation, next claimed Mr. Gokhale's attention, and carefully analysing the economic condition of the country, he pointed out the difficulties, the duties and the responsibilities involved in the successful conduct of that movement. With a masterly hand he proceeded to paint a vivid picture of the general political situation in India and formulated in some detail the demands of the Congress and laid down a programme of political work. The time, he thought, was most propitious for making an effort to carry out the sort of programme he had sketched. In England, the Liberal Party had come into power after a long Conservative regime aud a strong current had set in 'against that narrow and aggressive imperialism, which only the other day seemed to be carrying everything before it.' Mr. Morley's assump-

tion of the Secretaryship of State for India, in particular, raised men's expectations to a high pitch and though he found himself unable to go against the current of conservative and reactionary influences, that philosopher-statesman's name is properly associated with the expansion of the Legislative Councils. How people's minds were swayed backwards and forwards by hope and fear on the eve of the reform epoch, is seen from the following sentences from Mr. Gokhale's speech.

"And as regards the new Secretary of State for India, what shall I say? Large numbers of educated men in this country feel towards Mr. Morley as towards a Master, and the heart hopes and trembles, as it never hoped or trembled before. He, the reverent student of Burke, the disciple of Mill, the friend and biographer of Gladstone—will he courageously apply their principles and his own to the Government of this country, or will he too succumb to the influences of the India Office around him, and thus cast a cruel blight on hopes, which his own writings have done so much to foster?"

Mr. Gokhale's Budget Speech of 1906 was again a vigorous plea on behalf of retrenchment and economic and administrative reform. He bitterly complained of the lavish expenditure upon the Army and the utilization of the large annual surpluses for the construction of works which ought to be built out of borrowed funds.

'The saddest part of the whole thing,' he said, 'is that in spite of this superabundance of money in the Exchequer and the resultant growth of administrative expenditure, the most pressing needs of the country in regard to the moral and material advancement of the people have continued for the most part unattended to, and no advantage of the financial position has been taken to inaugurate comprehensive schemes of State action for improving the condition of the masses.'

Mr. Gokhale then went on to indicate the lines along which reform was urgently needed, *viz.*, educational expansion, sanitation, relieving the burdens of the ryots and so forth. On April 14, 1906, Mr. Gokhale again left for England on a political mission

to press for a redress of grievances and the concession of Council and other reforms. Behind him, in India, particularly in Bengal, things were going from bad to worse. The partition of that Province had caused a deep wound in the minds of the people and the blundering acts of the executive were most harsh and exasperating.

The harsh, unwise and short-sighted policy of Government aggravated the evil to such an extent, that a section of the population was swept off its feet. People became pessimistic and lost faith in constitutional political agitation. A boycott of British goods and of all Government institutions was preached and practised. A party of Extremists thus arose in the country consisting of men who saw no good in the Congress as it was then constituted. People who till then had done little constructive work and had given no promise of a capacity to do any, suddenly shot into fame and became self-constituted leaders. Their propaganda was practically anti-Congress. Their mock-heroic phrases caught the ear of a large section of the public and the fate of the Calcutta Congress hung in the balance. When reverence for authority, age and experience had vanished and the new doctrines of so-called self reliance and nationalism were gaining ground in the country, it is no wonder if a number of raw and inexperienced people fell victims to the infection of the movement.

The work of the responsible leaders of the political movement became very difficult and all progress seemed to be threatened. The charm of the personality of Mr. Dadabhai Naoroji, who was induced to preside over the Calcutta Congress, somehow staved off the disruption of that body. But the Extremists became every day more clamorous and framed a political programme of their own, which was at daggers

drawn with the traditional aims and methods of the Congress. They wanted that body to adopt Swarajya or unrestricted Self-Government and a universal boycott as the main planks of its programme, and they seemed to be bent on thus mending, or ending, the Congress. Constructive work was not in their line and they all but succeeded in wrecking the Congress at Surat when they found they could not capture it. As a sincere and selfless patriot and a keen-eyed statesman, Mr. Gokhale was deeply pained by the way things were developing and with a view to explaining the real situation to his countrymen, he undertook in the early part of 1907 an extensive tour in the United Provinces and the Punjab, in the course of which he delivered speeches at various places and attempted to define and elucidate the work which educated Indians had to do for the uplift of their country.

We shall not recount the incidents of 1907 and 1908 which showed that the poisonous exotic of anarchism, which years of vigilance and determined action have not succeeded in wholly exterminating, had taken root in the Indian soil, that forces of violence were gaining strength and that new political doctrines subversive of all progress were being imbibed by the unwary, the inexperienced and the impressionable folk. The voice of reason, of true patriotism and of statesmanship was drowned in the frenzied clamours of the exponents of Extremism.

As it was, the unfortunate Surat incident left no choice to the responsible leaders of the Congress but to place it on a sound basis and to frame a constitution and rules for its guidance though this might keep out from that body several people who were once its adherents. Self-Government within the Empire was made the fundamental article of faith of the Congress,

and it was under this constitution that the session was held at Madras in 1908. Thus the leaders displayed on this critical occasion rare courage and capacity for constructive work, and the even course of the Congress has continued to run smoothly. These were most anxious times for Mr. Gokhale who was consistently misrepresented and vilified by his detractors and yet who was manfully doing his onerous duty by his countrymen. The country was not yet pacified, the repressive policy of Government went on unabated and the high hopes entertained of the Morley regime seemed to be dashed to the ground. Nothing could have been more disappointing and disconcerting to Mr. Gokhale than the situation in the country, the persistence by Government in a policy which intensified the unrest among the people and the consequent block in the path of progress.

After urging, as usual, various financial, economic and administrative reforms, in his budget speech of 1907, Mr. Gokhale observed:—

> Since last year, the impression has prevailed that the Government has at last decided to move forward and that important concessions are contemplated. I earnestly trust that this impression is well-founded. I trust also that the proposed reforms, when announced, will be found to be substantial and conceived in a generous spirit. My Lord, it is of importance that there should be no unnecessary delay in this matter. The public mind is in a state of great tension, and unless the concessions are promptly announced and steps taken to give immediate effect to them, they will, I fear, lose half their efficacy and all their grace. The situation is an anxious—almost critical one, and unless the highest statesmanship inspires the counsels of the Government, difficulties threaten to arise of which no man can foresee the end."

In the next year's Budget Speech also Mr. Gokhale referred to this point and appealed to Government to stem betimes the tide of unrest and impatience, which was fast spreading throughout the country and becoming stronger every day, by the

adoption of a statesmanlike and conciliatory policy. Having dealt with the questions of the utilization of surpluses, of the causes and effects of the prevalent high prices, and having pointed out how disappointment and discontent were getting a firm hold of the mind of the young generation, Mr. Gokhale said :—

"My Lord, the Government will no doubt put down—indeed it must put down—all disorder with a firm hand. But what the situation really requires is not the policeman's baton or the soldier's bayonet, but the statesman's insight, wisdom and courage. The people must be enabled to feel that their interests are, if not the only consideration, at any rate, the main consideration, that weighs with the Government, and this can only be brought about by a radical change in the spirit of the administration. Whatever reforms are taken in hand, let them be dealt with frankly and generously. And My Lord, let not the words 'too late' be written on every one of them."

The reforms came at last, but though they carried our constitutional progress one step further, they did not give much satisfaction. Yet there they were and represented a move forward in the right direction. It was in this spirit that Mr. Gokhale wanted his countrymen to take the reforms, to make the best of them and to prepare for further advance. In his Budget Speech of 1909, that being the last year of the pre-reform Councils regime, Mr. Gokhale offered a few observations of a general character, mainly reviewing the political situation in the country. He expressed his strong disapproval of the repressive policy of Government, which three months before had dictated the deportation of nine Bengalee gentlemen under an old Regulation of 1818. He then referred to certain features of the new reform scheme, which was being adversely criticised from different standpoints in the Indian, the Anglo-Indian and the British press. Mr. Gokhale felt it his obvious duty to express his countrymen's gratitude to Lord Minto and Lord Morley for the noble work they

had done in introducing the reforms under conditions of extraordinary difficulty. He paid a handsome and well deserved tribute to both which is epitomised in the following two sentences in his Budget Speech:

"My Lord, I sincerely believe that your Lordship and Lord Morley have between you saved India from drifting towards what cannot be described by any other name than chaos. For, however strong a Government may be, repression never can put down the aspirations of a people and never will."

In the meantime, in spite of the reforms secured by India through the initiative of the two liberal-minded statesmen, the course of crime and violence which had been adopted by a few political fanatics and anarchists, went on and made the position most anxious and embarrassing. In a speech delivered at Poona under the auspices of the Deccan Sabha, on 4th July, 1909, Mr. Gokhalé expressed in the strongest terms the horror and indignation with which the dreadful news of the assassination of Sir William Curzon-Wyllie and Dr. Lalkaka by an Indian student in London had just been received in this country and emphatically denounced people who spread wild and nonsensical ideas about independence and whose noxious propaganda unsettled the minds of the young generation in the country. Seven days later he delivered another speech in which he dealt with the question of special representation on the Legislative Councils which had created an amount of soreness in the minds of a large section of the people of this country. He explained the special difficulties that surrounded the question of Moslem representation, but strongly opposed special treatment of any community as such. In October, 1914, Mr. Gokhale gave an address at the annual meeting of the Students' Brotherhood, Bombay, and while urging the necessity of our students studying political problems under

proper guidance, warned them against the Extremist teaching which had become the bane of the country.

From the commencement of the reformed councils epoch, Mr. Gokhale steadily availed himself fully of the new opportunities to move resolutions on important subjects and to criticise in an effective and helpful way the financial policy of the Government. Though the fat surpluses, which were a feature of the time of Lord Curzon, tended to diminish in later years, Finance Members showed great anxiety to budget for a surplus and expended the funds thus obtained on works which should have been provided for out of loans. Mr. Gokhale's position was perfectly sound, and it was that surpluses meant a higher level of taxation than was justified by the needs of the country and as the money represented by the surpluses came out of the pockets of the people, it should be devoted to reforms designed to ameliorate the condition of the people.

In his speech on the budget estimates for 1910-11, Mr. Gokhale took a comprehensive review of the financial situation and the steady rise of expenditure for the previous ten years, and suggested the necessity for an inquiry into the growth of civil and military expenditure during that period.

So seriously heavy was the increase in public expenditure that Mr. Gokhale hammered at the question next year and moved a Resolution in the Legislative Council in January, 1911, recommending that Government should order a public inquiry by a mixed body of officials and non-officials into the causes which had led to the phenomenal rise.

'How large and how unprecedented,' he said, 'this growth of expenditure has been, may be seen from the fact that two years ago, of a sudden and without any warning, we came to a

year of heavy deficit—the heaviest deficit that this country has known since the Mutiny. And last year the Hon'ble Member, as if to emphasise the gravity of the situation, felt himself driven to impose additional taxation to the tune of about a million and a quarter in a perfectly normal year, free from famine, war or any of those other disturbing circumstances which in our mind have been associated with increased taxation in the past.'

Mr. Gokhale's speech on this occasion is one of the finest expositions that have been given in the Council Chamber of the Indian financial policy, which has allowed an enormous growth of public expenditure, civil and military. His speech in connection with his proposal about an Opium Fund is equally illuminating and interesting. In fact, all his latter speeches on economic and financial questions make most instructive reading. He handles figures with an ease that even on the official side it is rare to meet with. He has an extraordinarily firm grasp of his subject, his insight is deep and clear, and his principles sound and unassailable. Mr. Gokhale's knowledge, his capacity and his grip of principles, were so wonderful that it would be no adequate compliment to him to say that he would have filled the place of the Indian Finance Minister with distinction. We are sure we shall not be charged with using the language of exaggeration if we observe that he would have made a successful Chancellor of the Exchequer in England. Referring to his absence, due to ill-health, Sir Guy Fleetwood Wilson observed in 1913, that it had created a blank in the Council and that Hon'ble Members who had experience of previous Council meetings must think that that day they were playing Hamlet with the part of the Prince of Denmark left out.

By constantly pressing for retrenchment, economy and more liberal expenditure on schemes calculated to ameliorate the condition of the people and to

promote their material and moral progress, Mr. Gokhale was able to make a strong impression on the policy of Government, thanks to the responsive and sympathetic attitude of the Finance Members, Sir Guy Fleetwood Wilson, who presented his last budget in 1913. Before laying down his office, he had adopted some of the measures urged by Mr. Gokhale and large grants were made by the Supreme Government to Local Governments to enable them to carry out certain schemes of reform. Thus the finances of the Local Boards were strengthened by assignments made to Provincial Governments in the budget for 1913-14, and this was practically to meet the demand made in that behalf by Mr. Gokhale in the previous year. This was admitted in so many words by the Finance Member when he said that the 'seeds of policy' planted by Mr. Gokhale had come to 'quick maturity.' In replying, on behalf of Government, to Mr. Gokhale's speech introducing a Resolution on 13th March, 1912, recommending the appointment of a committee to inquire into the adequacy or otherwise of the resources at the disposal of Local Bodies, Sir Guy Fleetwood Wilson said:—

"Whenever Mr. Gokhale advocates a policy to which he attaches much importance, I am irresistibly reminded of the Indian juggler who sows a mango seed in a flower pot and covers it over with a cloth. In an extraordinarily brief space of time he removes the cloth and behold, there is a goodly mango tree in full bearing. So it is with Mr. Gokhale. He advocates a certain reform. We give him the mild answer which turneth away wrath, and we think we have before us an appreciable breathing time. But Mr. Gokhale has sown his little seed in his little flower pot; he has covered it over with his little cloth, and within an incredibly short space of time he removes his little cloth and presents to our astonished vision a tree bearing not only leaves, not only buds and flowers but a goodly crop of wholesome fruit."

In February of the same year Mr. Gokhale had moved his Resolution pressing for the creation of

District Advisory Councils. This reform he urged for the purpose of securing a close association of the people with district officials in the administration of the country. The proposal was, of course, stoutly opposed by Government but Mr. Gokhale's resolution showed his anxiety to improve the administrative machinery at the bottom, where it came into direct and every-day contact with the mass of people. Ill-health and work in connection with the Public Services Commission did not allow Mr. Gokhale during 1914 to take part in the deliberations of the Supreme Legislative Council, and this was felt as a serious loss to that body and to the country generally.

In two important matters Mr. Gokhale rendered invaluable service to his country, and they were his advocacy of the introduction of free and compulsory elementary education, and his espousal of the just cause of Indians in South Africa. As the reader must have seen, the expansion of mass education was always one of the objects he had at heart. In March, 1910, he placed the following Resolution before the Supreme Council :—

"That this Council recommends that a beginning should be made in the direction of making elementary education free and compulsory throughout the country, and that a mixed Commission of officials and non-officials be appointed at an early date to frame definite proposals."

In speaking to this Resolution, Mr. Gokhale made out a strong case in favour of his proposal, but he had to content himself with an assurance from Government that the matter of the expansion of primary education would receive their serious and sympathetic consideration. Next year he introduced his Elementary Education Bill, which was warmly supported by people throughout the country. It was a very cautious measure, and Mr. Gokhale had been very careful in

framing the Bill to meet the various difficulties he was sure to encounter in making it acceptable to Government and different classes of people concerned. The measure did not try to achieve the impossible by seeking to introduce free and compulsory education universally and all at once, but provided for gradual yet definite expansion. He introduced the Bill in a powerful speech full of convincing facts, figures and arguments.

My Lord, one great need of the situation, which I have ventured again and again to point out in this Council for several years past, is that the Government should enable us to feel that, though largely foreign in personnel, it is national in spirit and sentiment; and this it can only do by undertaking towards the people of India all those responsibilities, which national Governments in other countries undertake towards their people. We too, in our turn, must accept the Government as a national Government, giving it that sense of security which national Governments are entitled to claim, and utilising the peace and order, which it has established, for the moral and material advancement of our people. And of all the great national tasks which lie before the country, and in which the Government and the people can co-operate to the advantage of both, none is greater than this task of promoting the universal diffusion of education in the land, bringing by its means a ray of light, a touch of refinement, a glow of hope into lives that sadly need them all. The work, I have already said, is bound to be slow, but that only means that it must be taken in hand at once. If a beginning is made without further delay, if both the Government and the people persevere with the task in the right spirit, the whole problem may be solved before another generation rises to take our place. If this happens, the next generation will enter upon its own special work with a strength which will be its own security of success. As for us, it will be enough to have laboured for such an end—laboured even when the end is not in sight. For, my Lord, I think there is not only profound humility but also profound wisdom in the faith which says:—

"I do not ask to see the distant scene:
One step's enough for me."

There was an animated debate on the Bill, and Mr. Gokhale had no reason to be dissatisfied with the reception which it met with at the hands of the members of the Council. He also expressed his gratitude

to the Hon'ble Mr. Butler and to the Government for the most sympathetic attitude they had adopted towards the Bill, the motion to introduce which was put and agreed to.

The country was enthusiastically in favour of the Bill. Meetings held in various parts accorded their support to the measure and thus strengthened Mr. Gokhale's hands. Mr. Gokhale himself was active and spoke in Calcutta and elsewhere on the question of compulsory education, removed misunderstandings, tried to conciliate opponents and reassure waverers. He was thus encouraged to move in the Viceregal Council on 18th March, 1912, that the Bill to make better provision for the expansion of elementary education be referred to a Select Committee. On this occasion he analysed the opinions recorded upon his Bill by Local Governments, Municipalities, District Boards, and officials, European and Indian, and attempted to meet the objections which some of them had raised.

Mr. Gokhale then went on to criticise the unfavourable opinions that had been expressed in the Council on his motion, and his running commentary makes interesting reading, especially remarks about the unexpected and sudden conversion to official views and methods of the Hon'ble Mr. Dadabhoy. But all his figures, his reasoning and his arguments were of no avail. A stone wall of opposition had been erected by the Provincial Governments against the passage of the Bill, and the Government of India, had it been inclined to accept Mr. Gokhale's motion, was utterly helpless. The motion, to the disappointment of the whole country, was negatived by a majority of 25 votes. Yet one effect of the agitation in favour of compulsory education has been that the

wheels of the Government machinery have begun to move a little more speedily. But the people cannot be satisfied with this: they want primary education made compulsory and free and definite schemes to be framed for the purpose. In short, public opinion wants an Education Act of the type proposed by Mr. Gokhale, to whom the country is indebted for the splendid work he did in that cause.

This is not the place for enlarging upon the South African problem. The grievances of Indian settlers in South Africa, their oppressive treatment at the hands of the white population, the attitude adopted by the Union Government and the utter helplessness and apathy of the Imperial Government in the matter, are all too well-known now in this country to require mention here. From the very first Mr. Gokhale felt most deeply for his countrymen and country-women in South Africa and did what he could to help them. Seeing that the very system of indentured labour was immoral and degrading, Mr. Gokhale moved a Resolution in the Viceregal Council on 4th March, 1912, recommending that the necessary steps should be taken to prohibit the recruitment of Indian labourers under contract of indenture, whether for employment at home or in any British Colony. Two years before such recruitment for Natal had been stopped by law, but Government were not prepared for the prohibition suggested by Mr. Gokhale. The position in South Africa, had in the meantime, gone from bad to worse, and Mr. Gokhale decided to visit that country to study the question on the spot and collect facts. But while in London, it was suggested to him by high authorities that he might seek an opportunity to discuss the Indian question personally with the ministers in South Africa. It is needless to say, Mr. Gokhale utilized the opportunity to the full but the

problem bristled with difficulties of a serious nature, and the task of the peacemaker is proverbially thankless. He was most warmly received by his countrymen wherever he went, was entertained and presented with numerous loving and grateful addresses, which may now be seen adorning the walls of the Associates' room in the Servants of India Society's Home in Poona. Mr. Gokhale's position in South Africa was one of extreme delicacy and responsibility. With a full sense of this he tried to do what he could to bring the Union ministers and the white population to look at the position of the Indians in the proper perspective. Unfortunately Mr. Gokhale's attitude was misunderstood in certain quarters in India and was subjected to hostile criticism. Addressing a crowded public meeting in the Bombay Town Hall on 14th December, 1912, on his return from South Africa, he completely answered this criticism by pointing out how those who passed it did not show any real grasp of the problem. The supreme question for the Indian community in South Africa, he said, was not to urge a policy of the open door for more Indians to come there, as certain ill-informed critics thought, but to secure such an amelioration of the conditions under which they lived that their lot might become more bearable, and they might have opportunities of growing into an important part of a self-governing community. If he had stood out for the open door, the cause of the Indian community could not have been furthered in any way. His position was the position of Mr. Gandhi who certainly understood and cared for the interests of Indians in South Africa better than their countrymen out here. The tribute Mr. Gokhale paid to Mr. Gandhi is most touching and inspiring. He said:—

"In all my life I have known only two men who have affected me spiritually in the manner that Mr. Gandhi does—our great patriarch, Mr. Dadabhoy Naoroji and my late master, Mr. Ranade—men before whom not only are we ashamed of doing anything unworthy, but in whose presence our very minds are afraid of thinking anything that is unworthy. The Indian cause in South Africa has really been built up by Mr. Gandhi. Without self and without stain, he has fought his great fight for this country during a period now of twenty years, and India owes an immense debt of gratitude to him."

While Mr. Gokhale was devoting his attention to the political and educational advancement of his country he did not forget the great need there was for its social and industrial regeneration. In regard to social reform his attitude was definite and pronounced. He was often grieved to think of the differences of caste and creed which divided our countrymen, and he lost no opportunity in pleading for the eradication of these distinctions. The wretched condition of the depressed classes made a profound impression on him and on many occasions he was intensely distressed over their miserable lot. He said on one occasion, "it is so deeply deplorable that it constitutes a grave blot on our social arrangements," and it is "deeply revolting to our sense of justice."

But all too suddenly has the noble career come to an end. The strenuous work in which Mr. Gokhale had been engaged began to tell upon his health. The South African tour and the work on the Public Service Commission had almost worn out his physical frame though his spirit was as untiring and fresh as ever. On the evening of Thursday the 18th Feb., 1915, the papers announced the telegraphic message that the Hon. Mr. Gokhale had been suddenly taken ill with cardiac asthma and that he had to cancel his trip to Delhi to attend the meeting of the Imperial Legislative Council. The morning dawned with the news that he had passed away. At once there

spread a terrible gloom over the country from which it has not yet recovered fully. Gokhale was cremated in his own native city, where men of all parties met and expressed their most deep-felt sorrow at his untimely death. The grief was not felt in India alone. England too and the Colonies testified to their sorrow at the death of this great Indian. From all quarters of the Empire, from the King, from Secretaries of State, from Viceroys, from Provincial Governors and the Ruling Chiefs, poured in messages of condolence to the bereaved family. Meetings were held in India and in England to offer men's sorrowful tribute to the departed statesman. Bombay and Madras voted for permanent memorials in the form of statues, while All India was eager to strengthen The Servants of India Society by subscribing liberally towards its upkeep.

All through his strenuous life Mr. Gokhale thought and spoke on the political destiny of India, and he seldom failed to impress on his countrymen the need for sustained effort. Mr. Gokhale used to say that we must "muse by day and dream by night" of the future of our motherland and he practised his precept literally. For almost the last act of Mr. Gokhale was to frame a scheme of post-war reforms for India. This document now known as Mr. Gokhale's last political testament was published in August 1917 by H. H. the Aga Khan. It is included in this collection.

Within the short span of life allotted to him he has achieved so much that it is difficult to cite the example of another Indian to compare him with. "A graduate at eighteen, Professor at twenty, Editor of a journal like the Quarterly of the Poona Sarvajanic Sabha at twenty-one, Secretary of the Provin-

cial Conference at twenty-five, Secretary of the National Congress at twenty-nine, leading witness before a most important Royal Commission at thirty-one, Provincial Legislator at thiry-four, Imperial Legislator at thirty-six, President of the National Congress at thirty-nine, National Envoy to the Imperial Government and founder of institutions at forty"—what a truly marvellous and brilliant career has it been and how mournful it is to think that a life of such "singular gloriousness" had been so soon cut short! We feel "that a sudden darkness has fallen upon our lives." We cannot resist the thought that he was "a man whose death would leave humanity the poorer in any age and in any part of the world." An embodiment of public spirit and self-sacrifice, "without self and without stain," he sacrificed himself at the altar of the motherland. His strong sense of duty, his devotion to his *guru*, his disinterested pursuit of patriotic ends caring for neither wealth nor station, his sweet reasonableness and transparent sincerity, his singleness of purpose, his mastery of detail and lucidity and cogency of argument, and, above all, his saintly character—these will make his name for ever remembered by all lovers of India. Mr. Gokhale often impressed it on his countrymen that "public life must be spiritualised." And he lived the life he preached.

We have lost the outstanding figure in the great transition stage of modern India; a man whose abilities brought him to the forefront, and whose sense of right forced him into controversies of which we have not yet seen the end. But at this moment the dominant feeling among all who were brought into contact with him is, I think, that the value of a life and personality such as his—a record of single-minded devotion to an unselfish ideal and of ceaseless labour in its service over an almost unlimited field of activity—stand above and apart from all controversy. * * * One of the many remarkable characteristics of Mr. Gokhale was the degree to which he was able to combine enthusiasm for reform with a patient industry not too often found in close association with the first quality. But he never allowed his idealism and his infinite capacity for taking pains to interfere with one another; rather, they both served as a joint inspiration to the work he set before him. The result was that, whether one agreed or disagreed with him, he gave a sense of practicalness in his dealings which seemed to sweep away half the difficulties at the outset. * * * He impressed one as being among the most candid and unassuming of men and he was equally ready to give or to take advice where it seemed most serviceable. His mind possessed the qualities ascribed to statesmanship without overlosing the fire of its enthusiasms or its warm human interests. We feel that his loss touches deeply not only India but the Empire and the whole world of men whose thoughts move in harmony, whether they know it or not, with the spirit of the brotherhood of "The Servants of India." *From a Speech by the Rt. Hon. Mr. E. S. Montagu.*

PART I.

COUNCIL SPEECHES

SPEECHES DELIVERED IN

THE IMPERIAL LEGISLATIVE COUNCIL.

BUDGET SPEECH, 1902.

[*This is the Hon. Mr. G. K. Gokhale's first Budget Speech at the Imperial Legislative Council, delivered on Wednesday, 26th March 1902, His Excellency Lord Curzon being President of the Council, and the Hon. Sir Edward Law being Finance Member.*]

YOUR EXCELLENCY, I fear I cannot conscientiously join in the congratulations which have been offered to the Hon'ble Finance Member on the huge surplus which the revised estimates show for last year. A surplus of seven crores of rupees is perfectly unprecedented in the history of Indian finance, and coming as it does on the top of a series of similar surpluses realised when the country has been admittedly passing through very trying times, it illustrates to my mind in a painfully clear manner the utter absence of a due correspondence between the condition of the people and the condition of the finances of the country. Indeed, my Lord, the more I think about this matter the more I feel—and I trust your Lordship will pardon me for speaking somewhat bluntly—that these surpluses constitute a double wrong to the community. They are a wrong in the first instance in that they exist at all—that Government should take so much more from the people than is needed in times of serious depression and suffering; and they are also a wrong, because they lend themselves to easy misinterpretation and, among

other things, render possible the phenomenal optimism of the Secretary of State for India, who seems to imagine that all is for the best in this best of lands. A slight examination of these surpluses suffices to show that they are mainly, almost entirely, currency surpluses, resulting from the fact that Government still maintain the same high level of taxation which they considered to be necessary to secure financial equilibrium when the rupee stood at its lowest. The year when the rupee touched this lowest exchange value was 1894-95, the average rate of exchange realised in that year being only 13·1*d.* to the rupee. Government, however, had in the face of the falling rupee, resolutely maintained an equilibrium between their revenue and expenditure by large and continuous additions to the taxation of the country, and thus even in the year 1894-95, when the rupee touched its lowest level, the national account-sheet showed a surplus of seventy lakhs of rupees. From this point onwards, the currency legislation, passed by Government in 1893, began to bear fruit and the exchange value of the rupee began to rise steadily. In 1895-96, the average rate of exchange realised was 13·64*d.* and the surplus secured was 1½ crores. In 1896-97 and 1897-98, the average rate of exchange was 14·45*d.* and 15·3*d.* respectively, but the years turned out to be famine years and the second year also one of a costly frontier war necessitating extraordinary expenditure for direct famine relief and military operations of 2·1 crores in the first year and 9·2 crores in the second. The result was that 1896-97 closed with a deficit of 1·7 crores and 1897-98 with a deficit of 5·36 crores. It will, however, be seen that if these extraordinary charges had not come upon the State, both years would have been years of surpluses, and the surplus for 1897-98 would have been close upon four crores of rupees. In 1898-99, exchange established itself in the neighbourhood of 16*d.*—the average rate realised during the year being 15·98*d.*—and the year closed with a balance of 3·96 crores of rupees, after providing a crore for military operations on the frontier—thus inaugurating the era of substantial surpluses. Now we all know that a rise of 3*d.* in the exchange value of the rupee—from 13*d.* to 16*d.*—means a saving of between four and five crores of rupees to

the Government of India on their Home Charges alone, and I think this fact is sufficient by itself to explain the huge surpluses of the last four or five years. The following figures are instructive, as showing the true position of our revenue and expenditure, on the new basis of an artificially appreciated rupee:—

Year.	Deficit or Surplus in crores of rupees.	Extraordinary charges for war and famine relief.	Total surplus but for the extra charges.	Remarks.
1897-98 ...	—5·35	9·21	3·85	A year of famine & war.
1898-99 ...	+3·95	1·09	5·05	Frontier operations.
1899-1900 ...	+4·16	3·5	7·65	A year of famine.
1900-01 ...	+2·5	6·35	8·85	Do.
1901-02 ...	+7	1	8	
Total for 5 yrs.	12·25	21·15	33·41	
			or 6·68 a year.	

If there had been no extra charges for war and famine, the national revenue on the basis of the new rupee would have been found to exceed the requirements of Government by about $6\frac{3}{4}$ crores a year. Allowing for the savings effected in consequence of the absence of a portion of the troops in South Africa and China, as also for the generally reduced level of ordinary expenditure in famine times, and taking note of the fact that the opium revenue turned out somewhat better than was expected and might reasonably be relied on, we still may put down the excess of our present revenue over our present expenditure at about five crores of rupees, which is also the figure of the amount saved by Government on their Home Charges as a consequence of the exchange value of the rupee having risen from 13*d.* to 16*d.* Now, my Lord, I submit with all respect, that it is not a justifiable course to maintain taxation at the same high level when the rupee stands at 16*d.* that was thought to be necessary when it stood at 13*d.* During the last sixteen years, whenever deficits occurred, the Finance Member invariably attributed them to the falling rupee and resorted to the expedient of additional taxation, explaining that that was

the only way to avoid national bankruptcy. During the first 12 years of this period, from 1885–86—when Sir Auckland Colvin told the Council in his Financial Statement almost in prophetic terms that affairs were 'passing into a new phase,' necessitating a reconsideration and revision of the fiscal status established in 1882—down to 1896–97, there was one continued and ceaseless struggle on the part of the Finance Department of the Government of India to maintain at all risks and hazards a 'strong financial position' in the face of a rapidly changing situation, and provide by anticipation against all possible dangers near and remote, fancied and real: and not a year passed—literally speaking—but heralded some change in the financial arrangements of the country. The famine grant was suspended for three successive years, 1886-87—1888-89, then reduced for two more, and permanently so in the last year of the period. Twice during these 12 years were the Provincial Contracts subjected to drastic revision (1887-88 and 1892-93), and the total gain secured to the Imperial Treasury on such revision and by a contraction of Provincial resources was full 1·10 crores (64 lakhs in 1887-88 and 46 lakhs in 1892-93). Furthermore, during the period, thrice (in 1886-87, 1890-91 and 1894-95) were the Provincial Administrations called upon to pay special contributions in aid of Imperial revenues. But the chief financial expedient employed to escape the supposed embarrassment of the time was continuous additions to the taxation of the country. Nine years out of these 12 witnessed the imposition of new taxes. First came the income-tax in 1886, and then followed in rapid succession the salt-duty enhancement of 1887-88 (June, 1888), the petroleum and patwari-taxes and extension of the income-tax to Burma in 1888-89, customs on imported liquors increased in 1889-90, the excise-duty on Indian beer in 1890-91, the import-duty on salt-fish in Burma in 1892-93, the re-imposition of the 5 per cent. *ad valorem* duties on imports, excluding cotton-goods, in 1893-94, and the extension of import-duties to cotton-goods in 1894-95. In 1896 there were changes in the tariff. The 5 per cent. import and excise duties on cotton-yarns were abolished and the import-duties on cotton-goods were reduced from

.5 to 3½ per cent.—involving a sacrifice of 50 lakhs of rupees as a concession to the clamour of Manchester, but a countervailing excise of 3½ per cent. was imposed on cotton-goods of all counts manufactured in Indian mills. Lastly, came the imposition of countervailing duties on imports of bounty-fed sugar in 1899.

The total additional revenue raised by these measures of taxation during the past 16 years has been no less than 12·30 crores a year.

But this is not all. The land tax, too, has come in its own automatic way for large augmentations during the period. Taking the ordinary revenue alone under the head, we find the increase has been 2·82 crores. One startling fact about these land-revenue collections is that during the six years from 1895-97 to 1901-02 (a period including the two greatest famines of the country) these collections actually averaged £17·43 millions a year as against £16·67 millions, the average for the six preceding years, *i.e.*, from 1890-91 to 1895-96!

Putting these two heads together, the total augmentation of public burdens during these years comes to over 15 crores.

Such continuous piling up of tax on tax, and such ceaseless adding to the burdens of a suffering people, is probably without precedent in the annals of finance. In India, it was only during the first few years following the troubles of the mutiny year that large additions were made to the taxation of the country; but the country was then on the flood-tide of a short-lived prosperity, and bore, though not without difficulty or complaint, the added burden. During the past 16 years the country has passed through a more severe phase of agricultural and industrial depression and yet it has been called upon to accept these fresh burdens—year after year—increasing without interruption, and all this with a view to ensuring and maintaining a 'strong financial position' proof against all assaults.

The broad result of this continued series of taxing measures has been *to fix the taxation of the country at a level*

far above the actual needs of the situation. And it is the *fiscal status* so forced up and maintained, and not a normal expansion of revenue, that has enabled the financial administration during all these trying years not only to meet out of current revenues all sorts of charges, ordinary and extraordinary, but to present at the close of the period abounding surpluses which the richest nation in Europe might well envy.

A taxation so forced as not only to maintain a *budgetary equilibrium* but to yield as well 'large, continuous, progressive surpluses'—even in years of trial and suffering—is, I submit, against all accepted canons of finance. In European countries, extraordinary charges are usually met out of borrowings, the object being to avoid, even in times of pressure, impending the even, normal development of trade and industry by any sudden or large additions to the weight of public burdens. In India, where the economic side of such questions finds such scant recognition, and the principle of meeting the charges of the year with the resources of the year is carried to a logical extreme, the anxiety of the Financial Administration is not only to make both ends meet in good and bad years alike, but to present large surpluses year after year. The Hon'ble Finance Member remarks in his Budget Statement under 'Army Services':

> It must be remembered that India is defraying from revenues the cost of undertaking both re-armament and the reform of military re-organisation in important departments. I believe that this is an undertaking which has not been attempted by other countries without the assistance of loans in some form or other. Even in England, extraordinary military requirements for fortifications and barracks have been met by loans for short terms of years repayable by instalments out of revenues. If profiting by a period of political tranquillity we can accomplish this task without the raising of a loan and the imposition of a permanent burden on future generations, I think that we shall be able to congratulate ourselves on having done that which even the richest nations of Europe *have not considered it* advisable to attempt.

Every word of this citation invites comment. How comes it that India is doing in regard to these extraordinary charges that which even the richest nations of Europe have not considered it advisable to attempt? The obvious

answer is that in those countries it is the popular assemblies that control taxation and expenditure: in India the tax-payer has no constitutional voice in the shaping of these things. If we had any votes to give, and the Government of the country had been carried on by an alternation of power between two parties, both alike anxious to conciliate us and bid for our support, the Hon'ble Member would assuredly have told a different tale. But I venture to submit, my Lord, that the consideration which the people of Western countries receive in consequence of their voting power should be available to us, in matters of finance at any rate, through an 'intelligent anticipation'—to use a phrase of Your Lordship's—of our reasonable wishes on the part of Government.

But even thus—after doing what the richest nations of Europe shrink from attempting—meeting all sorts of extraordinary charges, amounting to about 70 crores in sixteen years out of current revenues—we have 'large, continuous, progressive surpluses,' and this only shows, as Colonel Chesney points out in the March number of the *Nineteenth Century and After*, that more money is being taken from the people than is right, necessary or advisable, or, in other words, the weight of public taxation has been fixed and maintained at an *unjustifiably* high level. Taxation for financial equilibrium is what we all can understand, but taxation kept up in the face of the difficulties and misfortunes of a period of excessive depression and for 'large, continuous and progressive surpluses' is evidently a matter which requires justification. At all events, those who have followed the course of the financial history of the period will admit that the fact viewed *per se* that 'such large, continuous and progressive surpluses,' have occurred during the period—as a result not of a normal expansion of fiscal resources but of a forced up and heavy taxation—does not connote, as Lord George Hamilton contends, any advancing material prosperity of the country or argue any marvellous recuperative power on the part of the masses—as the Hon'ble Sir Edward Law urged last year. To them, at any rate, the apparent paradox of a *suffering country* and an *overflowing treasury* stands easily

explained and is a clear proof of the fact that the level of national taxation is kept unjustifiably high, even when Government are in a position to lower that level.

This being my view of the whole question, it was to me, I need hardly say, a matter of the deepest regret that Government had not seen their way, in spite of four continuous years of huge surpluses, to take off a portion at any rate of the heavy burdens which had been imposed upon the country during the last sixteen years. Of course the whole country will feel grateful for the remission of close upon two crores of the arrears of land-revenue. The measure is a bold, generous and welcome departure from the usual policy of clinging to the arrears of famine times, till a portion of them has to be abandoned owing to the sheer impossibility of realising them, after they have been allowed to hang over the unfortunate raiyat's head, destroying his peace of mind and taking away from him heart and hope. The special grant of 40 lakhs of rupees to education will also be much appreciated throughout the country. But my quarrel is with the exceedingly cautious manner—a caution, I would venture to say, bordering on needless timidity—in which my Hon'ble friend has framed the Budget proposals for next year. Why should he, with four continuous years of fat surpluses to guide him, and no special cloud threatening his horizon, budget for a surplus of only $1\frac{1}{4}$ crores, when three times the amount would have been nearer the mark and that, again, as calculated by a reasonably cautious standard? If he had only recognised the ordinary facts of our finance, as disclosed by the surpluses of the last four years, he would have, among other things, been able to take off the additional 8 annas of salt-duty, raise the taxable minimum of the income-tax to at least Rs. 1,000 a year, abolish the excise-duty on cotton goods and yet show a substantial surplus for the year. And, my Lord, the reduction of taxation in these three directions is the very least that Government could do for the people after the uncomplaining manner in which they have borne burden after burden during the last sixteen years. The desirability of raising the exemption limit of the income-tax has been frequently

admitted on behalf of Government, and, amongst others, by yourself in Your Lordship's first Budget Speech. The abolition of the excise on cotton-goods is urgently needed not only in the interests of the cotton-industry, which is at present in a state of dreadful depression, in large measure due to the currency legislation of Government, but also as an act of the barest justice to the struggling millions of our poor, on whom a portion of the burden eventually falls, who have been hit the hardest during recent years by famine and plague, by agricultural and industrial depression and the currency legislation of the State, and who are now literally gasping for relief. In this connection I would especially invite the attention of Government to a speech delivered at the annual meeting of the Bombay Chamber of Commerce by my friend the Hon'ble Mr. Moses—a by no means unfriendly critic of Government, and one who enjoys their confidence as also that of the public. Mr. Moses in that speech describes with much clearness and force the great injury which the currency legislation of Government has done to our rising cotton-industry. That industry, he tells us, has now 'reached the brink of bankruptcy,' no less than fourteen mills being about to be liquidated, and some of them, brand new ones, being knocked down to the hammer for a third only of their original cost. Mr. Moses also speaks of the severely adverse manner in which the new currency has affected the economic position of the mass of our countrymen. As regards the reduction of salt-duty, I do not think any words are needed from any one to establish the unquestioned hardship which the present rate imposes upon the poorest of the poor of our community. Government themselves have repeatedly admitted the hardship; but in these days, when we are all apt to have short memories, I think it will be useful to recall some of the utterances, of men responsible for the Government of India in the matter. In 1888, when the duty was enhanced, Sir James Westland, the Finance Member, speaking on behalf of the Government of India, said:—"It is with the greatest reluctance that Government finds itself obliged to have recourse to the salt-duty." Sir John Gorst, Under-Secretary of State for India, speaking a few days

later in the House of Commons, referred to the matter in similar terms of regret. Lord Cross, then Secretary of State for India, in his Despatch to the Government of India, dated 12th April, 1888, wrote as follows :

I do not . . . propose to comment at length on any of the measures adopted by your Government except the general increase in the duty of salt. While I do not dispute the conclusion of your Government that such an increase was, under existing circumstances, unavoidable, I am strongly of opinion *that it should be looked upon as temporary and that no effort should be spared to reduce the general duty as speedily as possible to the former rate.*

His Lordship further urged upon the attention of the Government of India the following weighty considerations on the point :—

I will not dwell on the great regret with which I should at any time regard the imposition of additional burdens on the poorest classes of the population, through the taxation of a necessary of life; but, apart from all general considerations of what is in such respects right and equitable, there are, as Your Excellency is well aware, in the case of the salt-duty in India, weighty reasons for keeping it at as low a rate as possible. The policy enunciated by the Government in 1877 was to give to the people throughout India the means of obtaining an unlimited supply of salt at a very cheap rate ; it being held that the interests of the people and of the public revenue were identical and that the proper system was to levy a low duty on an unrestricted consumption. The success of that policy hitherto has been remarkable; while the duty has been greatly reduced, the consumption through this and other causes has largely increased.....The revenue is larger now than it was before the reforms commenced in 1877, and I see no reason to doubt that the consumption will continue to increase, if it be not checked by enhancement of the tax.

Speaking again at a public meeting in England, Lord Cross took occasion to repeat his views that 'he was convinced that *the earliest occasion should be taken to abrogate the increase in the salt-tax*' (February 28, 1889). In March of the same year, Sir David Barbour, speaking in the Viceregal Council with special reference to a proposal for the abolition of the income-tax, observed :—

I think it would be an injustice so gross as to amount to a scandal if the Government were to take off the income-tax while retaining the salt-duty at its present figure.

In 1890 Sir John Gorst, in his speech on the Indian Budget in the House of Commons (August 14, 1890), remarked: '*The tax* (on salt) was no doubt a tax which ought to be removed and *would be removed as soon as it should be financially possible to do so.*' Similarly, Lord George Hamilton himself, in a speech on the Indian Budget Statement in the House of Commons (September 4, 1895) emphasised the necessity for reducing the salt-duty as early as possible pointing out that no other tax pressed so heavily on the Indian people. In view of these repeated declarations, it is a matter for great surprise, no less than for intense regret and disappointment, that Government have not taken the present opportunity to reduce a rate of duty, admittedly oppressive, on a prime necessary of life, which, as the late Professor Fawcett justly urged, should be 'as free as the air we breathe and the water we drink.' It may be noted that the consumption of salt during the last fourteen years has been almost stationary, not even keeping pace with the normal growth of population—showing a rise of less than 6 per cent. in fourteen years against a rise of 18 per cent. in four years following the reduction of duty in 1882—and that the average consumption of the article in India is admittedly less than is needed for purposes of healthful existence.

My Lord, the obligation to remit taxation in years for assured surpluses goes, I believe, with the right to demand additional revenues from the people in times of financial embarrassment. A succession of large surpluses is little conducive to economy and is apt to demoralise even the most conscientious Governments by the temptation it offers for indulging in extravagant expenditure. This is true of all countries, but it is specially true of countries like India where public revenues are administered under no sense of responsibility, such as exist in the West, to the governed. A severe economy, a rigorous retrenchment of expenditure in all branches of the Administration, consistently, of course, with the maintenance of a proper standard of efficiency, ought always to be the most leading feature—the true governing principle—of Indian finance,

the object being to keep the level of public taxation as low as possible, so as to leave the springs of national industry free play and room for unhampered movement. Such a course is also imperatively demanded by the currency policy which has been recently adopted by Government. That policy has, no doubt, given the country a stable exchange and brought relief to the Finance Member from his usual anxieties; but when the final adjustment of prices takes place, as is bound sooner or later to happen, it will be found that a crushing burden has been imposed upon the vast majority of tax-payers in the country. It is true that general prices have not been as quick to adjust themselves to the new artificially appreciated rupee, as the rupee itself has been to respond to the restrictions put upon its production. This was, however, to be expected, as the force of tradition in a backward country like India was bound to take time to be overcome. Famine conditions during the last few years also retarded adjustment, but there is no doubt that there would be a general fall of prices sooner or later corresponding to the artificial appreciation of the rupee. And when that happens, Government will be taking about 40 per cent. more in taxation from producers in this land and paying to its servants a similarly augmented remuneration. This will be a terrible burden for the masses of the country to bear. Already, during the last few years of famine, they have had to suffer most serious losses in converting their stock of silver into rupees when the rupee had grown dearer, but its purchasing power had not correspondingly increased. When the expected adjustment of general price takes place, one curious result of it will be, the Government will have made a present to money-lenders of about 40 per cent. of the loans which these money-lenders have made to agriculturists—a result which surely Government could never have desired. In view of the great injury which the currency policy of Government has thus done and will do as its results unfold themselves more and more to the agriculturists and other producers of this country, I submit Government are bound to make to them such slight reparation as is possible by reducing the level of taxation as low as circumstances may permit.

My Lord, in considering the level of taxation in India and the administration of the revenues so raised, it is, I think, necessary to bear in mind two root facts (1) that it is the finance of a country, a considerable part of whose revenues is, by reason of its political and military necessities, spent outside its borders and *ipso facto* brings no commercial equivalent to the country; and (2) that it is the finance of a country which is not only 'poor, very poor,' as Lord George Hamilton admits, but the bulk of whose population is daily growing poorer under the play of the economic forces which have been brought into existence by British rule. It is true that the fact of this growing poverty of our people finds no official recognition, and we have even assurances from the highest quarters of her advancing prosperity. With all due deference, however, I venture to submit that we, who live in the midst of the hard actualities of a hard situation, feel that any such comforting views of the condition of the Indian people are without warrant in the facts of the case and we deem it our duty to urge, on behalf of the struggling masses no less than in the interests of good administration, that this fact of a deep and deepening poverty in the country should be frankly recognised, so that the energies of the Government might be directed towards undertaking remedial measures. The Hon'ble Finance Member sees in last year's Customs returns a sign of the advancing prosperity of the people. Now, apart from the fact that it is unsafe to draw conclusions from the returns for any single year, since the imports of particular years often only technically belong to that year, there is, I submit, nothing in the returns of last year to bear out my Hon'ble friend's contention. The bulk of our countrymen, whose economic condition is the point at issue, have nothing to do with the imports of sugar or cotton manufactures, which now are practically only the finer fabrics. The silver imported also could not have concerned them since last year was a famine year, and the poorer classes, instead of buying any silver, parted over large areas with the greater portion of what they possessed. The increase in the imports of petroleum only means the larger replacement of country-oil by petroleum—a thing due to the enterprise of certain

English companies that sell petroleum in this country and the opening up of new tracts by railways. Petroleum is also in some places now being used for cooking purposes in place of fuel. I do not think, therefore, that the Hon'ble Member is justified in drawing from last year's Customs returns the conclusion which he draws from them. The growth under Land-revenue, Excise and Stamps is sometimes mentioned as indicating increasing prosperity. But the growth of Land-revenue is a forced compulsory growth. It is a one-sided arrangement, and the people have either to pay the increased demand or give up their land and thereby part with the only resource they have. The growth of Excise-revenue, to the extent to which it is secured by increased consumption, only shows that the operations of the Abkari Department, with its tender solicitude for the interest of the legitimate consumer—a person not recognised by the State in India in pre-British times—are leading to increased drunkenness in the land. This, of course, means increased misery and is thus the very reverse of an indication of increasing prosperity. Liquor is not like ordinary articles of consumption, which a man buys more or less as his means are larger or smaller. When a man takes to drink, he will go without food, and will sacrifice wife and children, if necessary, but he will insist on satisfying his craving for the spirituous poison. Similarly, an increase of revenue under Stamps only means an increase in litigation, which undoubtedly shows that the people are quarrelling more, but which is no proof of their growing riches. No, my Lord, the only taxes whose proceeds supply any indication of the material condition of the people are the income-tax and the salt-tax—the former, roughly speaking, for the middle and upper classes and the latter for the masses. Now, the revenue under both these heads has been more or less stationary all these years, and the salt-revenue has not even kept pace with the normal growth of the population. They, therefore, lend no support to the contention that the people are advancing in material prosperity.

My Lord, Your Lordship was pleased to deal with this question at some length in the Budget discussion of

last year, and, after analysing certain figures, Your Lordship expressed the opinion that the 'movement is, for the present, distinctly in a forward and not in a retrograde direction.' The limitations of the method adopted in that investigation were, however, frankly recognised by Your Lordship. I think, my Lord, the attempt to determine the average income per head for a given population is useful only for the purpose of obtaining a statistical view of the economic condition of that people. And from this point of view, our average income, whether it works out to Rs. 18 or Rs. 20 or Rs. 27 or Rs. 30 per head, is exceedingly small and shows that we are an exceedingly poor people. But when these calculations are used for taking a dynamical view of the economic situation, the method is open to serious objection, as the necessarily conjectural character of many of the data renders them of little value for such a purpose. But, though the determination of the average income per head in a manner satisfactory to all is an impossible task, there is, I submit, ample evidence of another kind which can help us to a correct understanding of the problem. And this evidence, I venture to say, points unmistakably to the fact that the mass of our people are not only not progressing, but are actually receding in the matter of material prosperity. I have here certain tables,* compiled from official publications, relating to (1) census returns, (2) vital statistics, (3) salt consumption, (4) the agricultural out-turn of the last sixteen years, (5) cropped area in British India, (6) area under certain superior crops, and (7) exports and imports of certain commodities, and they establish the following propositions:—

(1) that the growth of the population in the last decade has been much less than what it should have been, and that in some Provinces there has been an actual decline in the population;

(2) that the death-rate per *mille* has been steadily rising since 1884, which points to a steadily increasing number of the people being under-fed;

* *Vide* Appendix II

(3) the consumption of the salt, which already in this country is below the standard required for healthy existence, has not kept pace with even this meagre growth of population;

(4) that the last decade has been a period of severe agricultural depression all over India;

(5) that the net cropped area is diminishing in the older Provinces;

(6) that the area under superior crops is showing a regrettable diminution;

(7) the export and import figures tell the same tale, *viz.*, that the cultivation of superior crops is diminishing. Cattle are perishing in large numbers.

The losses of the agricultural community, owing to the destruction of crops and cattle and in other ways during the famines of the last five years, have been estimated at something like 300 crores of rupees. There is, again, indisputable evidence as to the fast-proceeding exhaustion of the soil through continuous cropping and for the most part unmanured tillage. Sir James Caird wrote strongly on the point, remarking:

> Crop follows crop without intermission, so that Indian agriculture is becoming simply a process of exhaustion.

Dr. Voelcker expressed a similar view. The indebtedness of the agricultural classes is also alarmingly on the increase. Mr. Baines, writing about the North-Western Provinces and Oudh, says:—

> Of the peasantry, it is estimated that nearly three-fourths have to go to the money-lender to enable them to tide over the interval between the spring and the autumn season.

As regards Bombay, the MacDonnel Commission write:—

> At least one-fourth of the cultivators in the Bombay Presidency have lost possession of their lands, less than a fifteenth are free from debt and the remainder are indebted to a greater or less extent.

Similar evidence, I believe, is forthcoming about the Punjab and the Central Provinces.

These and similar facts, taken cumulatively, lead, and lead irresistably, to the conclusion that the material condition of the mass of the people in India is steadily deteriorating, and I grieve to say that the phenomenon is the saddest in the whole range of the economic history of the world. Here is a peasantry which, taken all in all, is inferior to no other people in industry, frugality and patient suffering. It has enjoyed the blessing of uninterrupted peace for half a century, and at the end of the period the bulk of them are found to be in a worse plight than they have ever been in. I submit, my Lord, that a fact, so startling and so painful demands the earnest and immediate attention of Government, and I venture to believe that Government cannot afford to put off facing the situation any longer. An enquiry into the condition of a few typical villages has been suggested, and, if undertaken, will certainly clear many of the prevailing misapprehensions on the subject. It is urged on behalf of Government that no such inquiry is needed, because similar inquiries have been already made in the past. There is no doubt that inquiries of some sort have been made, and Government have in their possession a large body of valuable information on the subject—information which unfortunately they insist on withholding from the public. Why this should be so is difficult to understand as the field is exclusively economic and Government ought to welcome the co-operation of non-official students of the subject in understanding and interpreting the economic phenomena of the country. I venture to think that if the papers connected with the Cromer inquiry of 1882, the Dufferin inquiry of 1887-88 and the confidential inquiry undertaken in 1891-92 were published, much valuable assistance would be afforded to the public by Government. The same remark applies to the statistical memorandum and notes on the condition of lower classes in the rural parts furnished to the Famine Commission of 1898 by the Provincial Governments, the official memorandum referred to by Your Lordship in the Budget discussion of last

year, 'worked out from figures collected for the Famine Commission of 1898,' the Appendices to the Report of the Famine Commission of 1901 and the official Memorandum on agricultural indebtedness referred to by the present Lieutenant-Governor of the Punjab in his speech on the Punjab Land Alienation Bill—all of which documents have been kept confidential without any intelligible excuse. I think Your Lordship will have done much to bring about a truer appreciation of the economic situation in the country, if you will see your way to publishing these valuable papers and documents, which there is really no reason for withholding from the public.

My Lord, I have so far tried to show (1) that the huge surpluses of the last four years are in reality only currency surpluses; (2) that the taxation of the country is maintained at an unjustifiably high level and ought to be reduced; and (3) that India is not only a 'poor, very poor' country, but that its poverty is steadily growing, and in the administration of its finances, therefore, due regard must always be had to this central, all-important fact. Since the close of the beneficent Viceroyalty of Lord Ripon, however, our finances have been so managed as to lend support to the view that other interests take precedence of Indian interests in the administration of Indian revenues. Thus large sums have been spent out of our meagre revenues on conquest and territorial expansion, which have extended England's dominion but have brought no benefit to the people of India. The English mercantile classes have been conciliated by undertaking the construction of railways on an unprecedentedly large scale—programme following programme in breathless succession—sometimes in spite of the protests of the Finance Member—a policy which, whatever its advantages, has helped to destroy more and more the few struggling non-agricultural industries that the country possessed and throw a steadily increasing number on the single precarious resources of agriculture. And this railway expansion has gone on while irrigation, in which the country is deeply interested, has been more or less neglected. The interests of the services were allowed to prevail, first, in the concession

made to uncovenanted Civilians enabling them to draw their pensions at the high rate of 1*s.* 9*d.* a rupee, and then in the grant of exchange compensation allowance to all European officers, civil and military. Military expenditure has grown by nearly 6·5 crores a year during the period, and will increase by 1¼ crores more on account of the new increase in the European soldier's pay, and the burden of Home Charges has grown by over 3 millions sterling. And all this while the expenditure on education from Provincial Revenues rose only by a paltry 20 lakhs or so, and domestic reforms in other directions have been neglected to a greater or less extent. There has been much talk about the growing indebtedness of the agricultural population, but no remedial action of a really helpful character, involving any outlay on the part of the State, has been undertaken. Happily, a change for the better again seems to have come upon the Government during the last three years. Your Excellency has placed the Frontier question on a satisfactory basis, and this is all the more remarkable because a certain vigorous speech of Your Lordship's delivered long before there was any idea of your being entrusted with the highest office in this country, had seemed to commit Your Lordship to the views of the Forward School. The recent Resolution on the land question, however, one may disagree with the controversial part of it, is conceived in a spirit of large-hearted sympathy with the struggling poor, and if the generous principles that it lays down for the future guidance of Local Governments are loyally carried out, they will win for the Government the deep gratitude of the people. In this connection I may venture to state that, so far as my Presidency is concerned, the Supreme Government has admitted the correctness of most of our contentions. Thus it is admitted that the pitch of assessment is too high in Gujarat. In the matter of revision enhancements, it is frankly stated that deviations from the rules have occurred in the past. In paragraph 37, it is strongly urged that in tracts where agricultural deterioration has, owing to whatever causes, taken place, there ought to be reduction of the State demand as a necessary measure of relief; and it is freely admitted that 'there have been cases in which a reduction

was not granted till the troubles of the people had been aggravated by their efforts to provide the full fixed demand.' Lastly, greater elasticity is now promised in revenue-collection, facilitating its adjustment to the variations of the seasons and the circumstances of the people. After these frank admissions and generous assurances, it is somewhat interesting to recall a speech of the Revenue Member of the Bombay Government delivered two years ago in the Bombay Legislative Council, in which he told us in reply to our suggestion that the principle of individual inquiry should be abandoned in respect of areas where the crop-failure was general, that a contract was a contract, and that, though Government chose to help those whom it considered most in need of relief, no one could claim such relief as a matter of course. As regards irrigation, it is clear that its claims will receive fair recognition at Your Lordship's hands in the near future. The questions of Police Reform, of Provincial Finance, Agricultural Banks and of Primary, Industrial and Agricultural Education are all evidently receiving Your Excellency's earnest attention. One feels that there is something in the air which indicates that, after sixteen years, questions of domestic reform will once more resume their proper place in the councils of the Government of India, and the heart owns to a strange flutter of hope, not unmingled with a fear of disappointment, because three years of Your Lordship's term are gone and no one can say how much may be actually accomplished in the two that remain. My Lord, the country is confronted with an economic crisis of unparalleled severity and no mere half-measures will be found to be of much avail. Not 'efficiency' merely, but 'bold and generous statesmanship' must now be written on the slate of the Indian Viceroy. If Prussia could in the course of the last century raise its serf-population to the position of a strong and flourishing peasantry, I do not see why English statesmen should allow the free peasantry of India gradually to sink to the level of serfs. If the State demand were permanently fixed in the older Provinces, where the conditions laid down in Sir Stafford Northcote's despatch of 1867 have been fulfilled, the measure, I am persuaded, would prove a great boon to the people. A

correspondent of the *Times of India*—a journal which has rendered during these tyring times signal services to the agriculturists of the Bombay Presidency—in a series of letters which have attracted general attention has demonstrated in a forcible manner the mischievous effects of the present policy of periodical revisions—how improvements are taxed in spite of statutes and rules at every periodical revision, how lands which can leave no margin for the payment of assessment are assessed all the same, and how the condition of the agricultural community is steadily deteriorating. Permanent settlement in raiyatwari tracts cannot be open to the objection that it is asking the State to surrender a prospective revenue in favour of a few individual's.' I admit that such a measure by itself, may not suffice to improve the condition of the agriculturists, and that it will be necessary in addition to provide for them cheap money and enable them to compound in some manner with their creditors. If all these measures are taken, they will give the peasantry of the country a real, fresh start, and then Government might even place some restrictions on the raiyat's power of free alienation. I am aware that the recent Resolution of the Government of India makes a definite pronouncement against permanent settlement, and that it speaks in terms of disapproval of the permanent settlement granted in Bengal by Lord Cornwallis. It seems to be forgotten, however, that the policy which Lord Cornwallis carried out was William Pitt's policy, and that that great statesman made the land-tax permanent in England at the same time that he asked the Governor-General of India to grant permanent settlement to Bengal. Those, however, who condemn the Bengal settlement have no fault to find with Pitt's fixing the land-tax in perpetuity in England. It is true that Your Lordship's Government has declared itself against permanent settlement, but a position that has been reversed once may be reversed again, and I am not without hope that the wisdom of the proposals of Halifax and Northcote, of Canning and Lawrence—most honoured names among the administrators of India—may come to be appreciated better on some future day. Then the question of mass education must be undertaken in right

earnest, and, if it is so undertaken, the present expenditure of Government on public education will require a vast increase. My Lord, it is a melancholy fact that while with us nine children out of every ten are growing up in ignorance and darkness, and four villages out of every five are without a school, our educational expenditure has been almost marking time for many years past; whereas in England, where every child of school-going age must attend a school, the Government expenditure on education has mounted from 4½ millions to 11½ millions sterling in the course of 15 years, and Lord Rosebery is not yet satisfied! It may be asked how can the two things that I advocate simultaneously be achieved together, namely, a considerable reduction of taxation and a large increase in the outlay on education and other domestic reforms? My answer is that the only way to attain both objects simultaneously is to reduce the overgrown military expenditure of the country. My Lord, when the strength of the Army was increased in 1885 by troops in spite of the protest of the Finance and the Law Members of the Government of India, it was pointed out by those two officers that the then existing strength of the Army was really sufficient for all purposes of India—for keeping quiet within the borders and repelling aggression from abroad, and that if the contemplated increase was effected, it would only constitute a temptation to the Indian Government to undertake undesirable schemes of territorial aggrandizement. The Army Commission of 1879, after an exhaustive inquiry, had come to the same conclusion, *viz.*, that the then strength of the Army was sufficient not merely for the work of maintaining internal peace but also for repelling foreign aggression, even if Russia acted *with Afghanistan as an ally*. But the scare of a conflict with Russia was then so great that it carried everything before it, and the proposed additions to the Army were made in India. It may be noted that it was not only in India but in other parts of the British Empire too that large and sudden additions were then made to the existing garrisons, Mr. Gladstone obtaining a large vote of credit for the purpose. But the remarkable circumstance is that, whereas everywhere else the garrisons were reduced to

their old proportions as soon as the scare passed away, in India alone the burden came to stay. The result of that was that the prophecy of Sir Auckland Colvin and his colleagues was fulfilled with painful promptitude, and within a year after the increases were made Upper Burma was invaded, conquered and annexed. Well, my Lord, the contention that the additional troops were not wanted for Indian purposes is again forcibly illustrated by the fact that during the last two years over 20,000 troops are engaged outside India in doing the work of the Imperial Government, and that, though one of these two years saw the severest famine of the last century, the peace of the country has continued absolutely unbroken. I am aware that in one of your first speeches in this Council, Your Excellency was pleased to declare that so long as you were at the helm of affairs in India, no suggestion for a reduction of the strength of the Army would meet with any support at the hands of the Indian Government. Now, even if an opinion, expressed three years ago, be not liable to modification to-day, what we urge is, I submit, not necessarily a reduction of the strength of the Army located in India, but a reduction of its cost to the Indian people. What strength of the Army should be maintained in India is a question of high Imperial policy in which we are not allowed a voice. But this, I think, we may claim, that if the strength maintained is in excess of India's own requirements, as it is now plainly proved to be, the cost of the excess portion should, as a mere matter of justice, be borne by the Imperial Government. Even on the narrower ground that the Army in India is required for the maintenance of British rule, England, I submit, is as much interested in the maintenance of this rule here as we are, and so it is only fair that a portion of the cost should be borne on the English estimates. If this were done and if Indians were more widely employed in the public service of the country—more particularly in the special departments—Government will be able to reduce taxation and yet find money for more education, better Provincial finance, active efforts for the industrial development of India after the manner of the Japanese Government, and various other schemes of internal reform. Then will

Indian finance be really placed on a truly sound basis, and then will our public revenues be administered as those of a poor country like India should be administered. My Lord, Your Lordship spoke the other day in terms of striking eloquence of the need there is of Indians now giving up narrow views or limited ideals and feeling for the Empire with Englishmen that new, composite patriotism which the situation demands. Now that is an aspiration which is dear to the heart of many of us also. But the fusion of interest between the two races will have to be much greater and the people of India allowed a more definite and a more intelligible place in the Empire before that aspiration is realised. Let Englishmen exercise a certain amount of imagination and put themselves mentally into our place, and they will be able to better appreciate our feelings in the matter. It has been said that a little kindness goes a long way with the people of India. That, I think, is perfectly true. Who, for instance, ever thought of casting a doubt on the loyalty of the Indian Press in the time of Lord Ripon? There was strong language used then as now in the Press, but it was not in the Indian section of it. What, my Lord, is needed is that we should be enabled to feel that we have a Government national in spirit though foreign in *personnel*—a Government which subordinates all other considerations to the welfare of the Indian people, which resents the indignities offered to Indians abroad as though they were offered to Englishmen, and which endeavours by all means in its power to further the moral and material interests of the people in India and outside India. The statesman who evokes such a feeling among the Indian people will render a great and glorious service to this country and will secure for himself an abiding place in the hearts of our people. Nay, he will do more—he will serve his own country in a true spirit of Imperialism—not the narrower Imperialism which regards the world as though it was made for one race only and looks upon subject races as if they were intended to be mere footstools of that race—but that nobler Imperialism which would enable all who are included in the Empire to share equally in its blessings and honours. My Lord, I have said all this before Your Lordship not merely

because you happen to be Viceroy of India at the present moment, but also because every one feels that Your Lordship is destined for even higher honours and for positions of greater responsibility and influence on your return to your native land. And, if this anticipation is realised, Your Lordship will be in a position—even more so than to-day—to influence the character of the Government of this country in the direction we so ardently desire. In this hope I have spoken to-day, and I respectfully trust Your Lordship will forgive me if here and there I have spoken with a frankness which may appear to be some what unusual, but which, in my humble opinion, is one the highest forms which true loyalty can take.

APPENDIX.

The Census.

Population of British India in Millions.

Census of 1881...199·04 } Increase during the decade.
" " 1891...221·25 } 22·1 millions=11·3 per cent.
" " 1901...231·01 Increase 9·76 millions=4·4 per cent.

A fall-off during the past decade, as compared with the previous decade— 12·55 millions=6·9 percentage.

	1891.	1901.	Increase or decrease.	Percentage of increase or decrease.	Remarks.
A. Assam, Sind, Lower Burma, Upper Burma	15·95	18·25	+2·30	14	Normal increase.
B. Bengal, N.-W. Provinces, Oudh	118·24	122·40	+4·17	3·5	7·6 millions loss.
C. Bombay, Central Provinces, Berar	29·65	27·72	—1·73	—5	4·7 millions less.
D. Punjab, Madras.	55·49	60·64	+4·15	7	1·4 millions less.

A—showing a normal development.

B & D have a total increase of 8·3 millions on an aggregate roll of 174·7 millions.

C has lost 1·7 millions in lieu of a normal increase of 3 millions =4·7 millions the total loss.

Vital Statistics.

Year.	Total deaths in millions.	Ratio per *mille*.	Remarks.
1882	4·757	23·17	Average for five years (1882-86), 24·84.
1883	4·595	23·17	
1884	5·237	26 44	
1885	5·182	26·12	
1886	5·016	25·34	

Year.	Total deaths in millions.	Ratio per *mille*.	Remarks.
1887	5·508	28·35	
1888	5·087	25·74	
1889	5·534	27·98	Average for five years (1887-91), 28·56.
1890	5·858	30·27	
1891	5·896	30·49	
1892	6·942	32·40	
1893	5·498	25 75	Average for four years (1892-95), 30·26.
1894	7·258	33·97	
1895	6·178	28·94	
1896	6·814	32·05	Average for four years (1895-99, a period of plague and famine), 31·14.
1897	7·658	36·03	
1898	5 669	26·44	
1899	6·437	30·01	

The figures for years subsequent to 1899 are not yet available, but the mortality during the famine of 1900-01 has been admittedly dreadful in certain parts of India.

Salt Consumption.

Year.	Total consumption in millions of maunds.	
1881-82	28·37	
1882-83	29·79	
18 3-84	30·65	
1884-85	33·00	
1885-86	31·69	
1886-87	33·72	

Increase in 5 years succeeding reduction of duty=5·35 million maunds or 18 per cent.

1886-87	33·72	During the four years since 1887-88, when the duty was enhanced, a steady decline in consumption took place, though the population of Upper Burma was added to the whole consuming population.
1887-88	33·063	
1888-89	31·351	
1889-90	33·046	
1890-91	33·280	
1891-92	34·429	
1892-93	35·057	
18 3-94	33·628	
1894 95	34·150	
1895-96	34·685	A slight advance
1896-97	34·062	
1897-98	34·524	
18 8-99	35·26	
1899-1900	35·05	
1900-1901	35·72	

During *the 14 years since 1886–87* the consumption has increased from 33·72 to 35·72 million maunds, *i.e.*, just 2 million maunds or less than *6 per cent.*

The consumption has not kept pace even with the advance in population and shows no development whatever, such as is exhibited during the five years which followed the reduction of the salt-duty in 1882-83.

Summary of Agricultural History since 1884-85.

During this period, there has been not only no advance in any of the older provinces but a positive retrogression in all the more important elements of moral well-being.

Punjab.—Seven years of agricultural depression out of fourteen; a fall off in cropped areas under rice, wheat, sugarcane and cotton; the crop yield in several years below average.

N.-W. Provinces.—Six bad years out of fourteen; a decline in rice, wheat, sugarcane, cotton and indigo areas; 1892-97 were years of deficient harvests.

Oudh.—Six bad years; cropped areas stationary with a tendency to a fall off in cotton and sugarcane.

Bengal.—Ten years of agricultural depression out of fourteen years of deficient harvest as well as diminished yield.

Central Provinces.—Seven bad years; seven years of diminished cropped acreages and reduced crop yield during the past decade; cattle mortality very heavy—3,898 million head of cattle having perished during 1896-99.

Bombay.—The whole decade 1889-99-1900 was a bad decade for the Presidency; six bad years culminating in the famines of 1896-98 and 1899-01, the worst famines on record; in the Deccan particularly scarcely a full crop during the past sixteen years.

Madras.—Four bad years; a stationary state of things during the past decade with a decline in cotton and sugar-cane areas.

Two famines: Famine of 1896-98—population affected 45·7 millions; the maximum number on relief 3·89 millions = 8 per cent. nearly.

Famine of 1899-1901; population affected 25·1 millions; the maximum number on relief 4·60 millions = 18 per cent.

Cropped Area in British India.

Year	Total cropped area.	Double-crop.	Net cropped area.	Irrigated area.
1890-91	217·622	23·248	194·413	28·30
1891-92	210·965	23·185	187·781	27·23
1892-93	221 224	23·305	195 918	26·83
1893-94	225·447	28·077	197·370	26·70
1894-95	223 761	27·160	196·600	23·82
1895-96	213·867	24·905	188·922	26·73
1896-97	200·416	22·905	177·512	29·36
1897-98	223·742	27·245	196·497	30·41
1898-99	223·334	27·166	196·487	30·41
1899-1900	203 895	23·745	180·151	31·54

1890–91 194·413 million acres.
1898–99 196·487 „ „

Increase :—2·074 million acres only.

Increased acreages in *Sind, Assam, Upper and Lower Burma, Coorg and Ajmir.* } 5·34 million acres.

Therefore, elsewhere a decrease *of* 3·26 ***million acres in the older Provinces.***

Thus in the older provinces, the net cropped acreage has fallen off simultaneously with an advance in the population.

The *irrigated area* shows some expansion during the decade, but that is due to droughts more than to the demands of an *intensive* cultivation.

As to double cropping:—Mr. Holderness in his Memo on the Food Production, North-Western Provinces and Oudh (Appendix A), says:—

> The area which bears more than one crop a year is counted twice over.....This is not accurate even in cases of genuine double-cropping, as the produce of two harvests from the same field is less than the produce of two fields of the same area. But double cropping is not unfrequently fictitious, as it often happens that a field is sown for *rabi* because it has failed in *kharif*, and is liable to be included in the double-cropped area.

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Much of the double-cropping during the decade has been owing to the uncertainties of the seasons more or less, and is therefore of a "*fictitious character.*"

Areas under Superior Crops.

Mere cultivated areas are, however, a subordinate factor in the problem: the profits of cultivation depending principally on the *kind of crop* grown, and the crop-yield obtained.

As to *superior cropping*:—A fall-off in areas under *wheat*, *cotton*, *sugarcane*, *oil-seeds*, *jute*, *indigo* in most provinces, as may be seen from the table given below.

As to yield:—The estimate of the local authorities, as given in the Lyall Commission's Report, page 357—working out to 800lb. per acre—is not endorsed by the Commission: they reject the estimates for *Bengal* as particularly *unreliable* and for *Burma* and *Bombay* as *too high*. The Commission are distinctly of opinion that whatever may have been the normal annual surplus of food-grains in 1880, the present surplus *cannot* be greater than that figure.

Areas under certain crops in British India in million acres.

Year.	Wheat.	Sugar-cane.	Oil-seeds.	Cotton.	Jute.	Indigo.
1890-91	22·03	2·793	11·58	10·968	2·479	12·15
1891-92	20·18	3·134	12·84	8·839	2·100	11·55
1892-93	21·48	2·861	13·54	8·940	2·181	13·23
1893 94	22·21	3·033	14 81	10·438	2·230	15·35
1894-95	22·76	2.889	13·72	9·717	2·275	17 05
1895-96	18·53	2·930	12·84	9·600	2·248	15 69
1896-97	16·18	2·631	10·53	9·459	2·215	15·83
1897-98	19·94	2 648	12·56	8·914	2·159	13·66
1898-99	20·22	2 756	12·16	9·178	2·690	10·13
1899-1900	16·10	2·693	10·32	8·375	2·070	10·16

A marked decline in areas under—

Wheat	since	1894–95
Sugarcane	„	1891-92
Oil-seeds	„	1893–94
Cotton	„	1893–94
Jute	„	1894–95
Indigo	„	1894–95

CERTAIN EXPORTS AND IMPORTS (VALUE IN CRORES OF RUPEES.)

Year.	Exports.								Imports.	Remarks.
	Cotton, raw.	Indigo.	Wheat.	Linseed.	Sugar.	Hides and skins.	Manures (bones in lakhs).	Fodder bran, Cattle food.	Sugar.	
1880-81 ...	13·24	3·57	3·27	3·69	·50	3·73	3·4	Statistics not available.	1·16	
1881-82 ...	14·94	4·50	8·62	3·00	·72	3·95	2·5		1·24	
1882-83 ...	16·05	3·91	6·03	3·52	·98	4·44	4·3		1·08	
1883-84 ...	14·40	4·64	8·89	4·38	1·17	4·66	13·4		1·14	Exports in Raw Cotton, Indigo, Wheat, Linseed, Sugar, show large decline during the last decide, while the Export trade in Hides and Skins, Manures (bones) and Fodder exhibits an enormous development. Imports of sugar show an enormous expansion.
1884-85 ...	13·29	4·06	6·31	4·91	·79	4·93	8·4		2·14	
1885-86 ...	10·78	3·76	8·00	5·53	·73	5·33	10·8		1·45	
1886-87 ...	13·47	3·69	8·62	5·17	·70	5·14	9·2		2·08	
1887-88 ...	14·14	3·89	5·56	4·93	·74	4·86	13·2		2·11	
1888-89 ...	15·04	3·94	7·52	5·05	·75	4·74	17·5		1·79	
1889-90 ...	18·67	3·86	5·79	4·73	1·18	4·52	24·5		2·20	
1890-91 ...	16·53	3·07	6·04	4·98	·61	4·69	33·9		3·39	
1891-92 ...	10·76	3·21	14·38	6·79	·70	5·18	23·6	(In lakhs.)	2·56	
1892-93 ...	12·74	4·14	7·44	5·52	·83	5·59	25·0		2·62	
1893-94 ...	13·31	4·18	5·19	7·50	1·23	5·80	28·0	19	2·82	
1894-95 ...	8·70	4·74	2·56	6·74	·82	6·58	47·8	21	2·87	
1895-96 ...	14·09	5·35	3·91	4·13	·79	7·75	46·0	26	3·10	
1896-97 ...	12·97	4·35	·83	3·55	·91	7·00	42·2	30	3·15	
1897-98 ...	8·87	3·05	·84	2·86	·41	8·31	39·5	44	4·78	
1898-99 ...	11·19	2·97	9.71	5·13	·38	7·43	10·8	44	4·01	
1899-1900	9·12	2·69	3·90	4·50	·45	10·46	61·2	57	3·37	
1900-1901	10·12	2·13	·03	4·45	·24	11·46	59·0	70	5·65	

Export of Cotton.—Falling off since 1889-90.
In 1889-1900—18·6 crores.
,, 1900-1901—10·1 crores,
or less by 8½ *crores.*

Export of Indigo.—A decline during 1884-85 to 1892-93.
,, again during 1896-7 to 1900-01.
In 1883-84—4·64 crores.
Last year—2·13 crores only.
or less by 2·51 *crores.*

Export of Wheat.—Declining since 1892-93.
In 1883-84—8·89 crores.
In 1899-1900—39 crores only.
or less by 5 *crores.*

Export of Linseed.—Falling off since 1893-94.
In 1893-94—7·5 crores.
Last year—4·45 crores only,
or less by 3 *crores.*

Export of Sugar.—In 1883-84—1·17 crores.
Last year—·25 crores only,
i.e., nearly wiped out.

Export of Hides and Skins.—An enormous increase.
In 1880—3·75 crores.
In 1900-01—11·46 crores,
or more by 7¾ *crores.*

Export of Manures (bones)—A large increase—from 3 lakhs in 1880 to 59 lakhs last year.

Export of Fodder.—Also a large increase—from 19 lakhs in 1893-94 to 70 lakhs last year

Imports of Sugar—Show an enormous expansion.
In 1880-81—1·61 crores.
Last year—5·65 crores,
or more by 4 *crores.*

BUDGET SPEECH, 1903.

[*At a meeting of the Imperial Legislative Council held on Wednesday the 25th March, 1903, His Excellency Lord Curzon presiding, the Hon. Mr. G. K. Gokhale made the following speech on the Financial Statement for 1903-04 presented by the Hon. Sir Edward Law*:—]

YOUR EXCELLENCY,—I desire at the outset respectfully to associate myself with what has been said by my Hon'ble colleagues, who have preceded me, in recognition of the important measures adopted by Government this year to give relief to the tax-payers of this country. For five successive years now, the Hon'ble Finance Member has been able to announce a large surplus of revenue over expenditure, and these surpluses have aggregated over 22 crores of rupees, as may be seen from the following figures :—

Year.				Surplus in crores of Rupees.
1898-1899	...	...	...	3·9
1899-1900	...	...	...	4·2
1900-1901	...	...	...	2·5
1901-1902	...	...	...	7·4
1902-1903	...	...	...	4·1
	Total for 5 years		...	22·1

Moreover, a sum of over 11 crores has been spent during the period out of current revenues for meeting extraordinary charges, but for which the aggregate surplus would have amounted to over 33 crores of rupees. My Lord, to take from the people a sum of 22 crores in five years over and above the requirements of Government—ordinary and extraordinary—at a time again when the country was admittedly suffering from famine and plague and general industrial depression as it had never suffered before, is a financial policy, the justification of which is not at all clear; and I cannot help thinking that even

the cautious mind of the Hon'ble Member ought to have been satisfied with a shorter period than five years and a smaller total surplus than 22 crores to be able to recognise that with a 16*d.* rupee Government were bound to have large and recurring surpluses year after year, when the level of taxation had been so determined as to secure financial equilibrium on the basis of a 13*d.* rupee. However, it is better late than never, and I sincerely rejoice that my Hon'ble friend was at last able to advise Government that the time had come when the claims of the tax-payers, who have had to submit to continuous and ceaseless additions to the taxation of the country during the last eighteen years, to some measure of relief might be safely considered. My Lord, as regards the particular form of relief, decided upon by Government, I have nothing but the warmest congratulations to offer. I confess I was not without apprehension that Lancashire, with its large voting strength in the House of Commons and its consequent influence with the Secretary of State for India, might once more demonstrate how powerless the Indian Government was to resist its demands and that the abolition of cotton-duties might take precedence of the reduction of the duty on salt. My fears, however, have happily been proved to be groundless, and I respectfully beg leave to congratulate Government on the courage, the wisdom and the statesmanship of their decision. Public opinion in India has for a long time prayed for these very measures of relief, and the National Congress has, year after year, urged upon the attention of Government the necessity of raising the taxable minimum limit of the income-tax from five hundred rupees to one thousand, and of reducing the duty on salt from Rs. 2-8 a maund to Rs. 2 at the earliest opportunity. My Lord, I am surprised to hear the opinion expressed in some quarters that the reduction of the salt-duty will not really benefit the vast mass of our population, but that it will only mean larger profits to small traders and other middlemen. I think that those who express such an opinion not only ignore the usual effect on prices of competition among the sellers of commodities, but that they also ignore the very obvious lesson which the figures of salt consumption during the last twenty years teach

us. An examination of these figures shows that, during the five years that followed the reduction of the salt duty in 1882, the total consumption of salt advanced from 28·37 millions of maunds to 33·71 millions—an increase of 3·35 million maunds or fully 18 per cent. In 1887-88, the duty was raised from Rs. 2 to Rs. 2-8 a maund, which not only arrested the steady increase of the previous five years, but actually led to a reduced consumption during the next four years, and this in spite of the fact that the figures for these years included for the first time the figures of salt consumption in Upper Burma. It was not till 1891-92 that the ground thus lost was again recovered, but since then consumption has remained virtually stationary—only a very slight advance of less than 6 per cent. being recorded in 14 years as against an increase of 18 per cent. in 5 years previous to the enhancement of the salt duty. My Lord, I am confident that what has happened before will happen again, and that the Finance Member will not have to wait long before he is able to announce that the consumption of salt is once again steadily on the increase, that the loss of revenue caused by the reduction in duty at present will be only a temporary loss, and that in a few years' time it will disappear altogether in consequence of increased consumption. Again, my Lord, I have heard the opinion expressed that the duty on salt does not after all constitute any serious burden on the resources of the poorer classes of our community, because this duty, it is urged, is the only tax which they contribute to the State. Here, again, I must say that those who express such a view hardly realise what they are talking about. Our revenue is principally derived from Land, Opium, Salt, Excise, Customs, Assessed Taxes, Stamps, Forests, Registration and Provincial Rates. Of these, the Opium Revenue is contributed by the foreign consumer and may be left out of account. Of the remaining heads, the proceeds of the Assessed Taxes are the only receipts that come exclusively from the middle and upper classes of the people, and they are represented by a comparatively small sum—being less than two crores of rupees a year. On the other hand, the bulk of the Salt Revenue comes from the pockets of the poorer classes. The Abkari Revenue again is

contributed mainly by them; so also is the Forest Revenue. Under Stamps and Registration, they contribute their fair share—possibly more than their share, as the bulk of our litigation is about small sums. I believe they also contribute their share under Customs. And as regards Land Revenue and Provincial Rates, in raiyatwari tracts at any rate, a large proportion of this revenue comes from very poor agriculturists. So far, therefore, from contributing less than their fair share to the exchequer of the State, the poorer classes of our community contribute, as a matter of fact, much more than they should, relatively to their resources; and Government have, therefore, done wisely in deciding to give relief to these classes by a reduction of the duty on salt. I trust it may be possible for Government to reduce this duty still further in the near future, for the consumption of salt, which in the time of Lord Lawrence was found to be about 12 lb. per head in some parts of India, is now not even 10 lb. per head, whereas the highest medical opinion lays down 20 lb. per head as a necessary standard for healthful existence.

My Lord, in the remarks which I made in the course of the Budget discussion of last year, I dwelt at some length on the heavy and continuous additions made by Government to the taxation of the country since 1886, and I urged that as the currency policy adopted by Government had put an end to their exchange difficulties, some relief should be given to the sorely-tried tax-payers by a reduction of the salt-duty, a raising of the taxable minimum limit of the income-tax, and the abolition of the excise duties on cotton-goods. Two of these three prayers have been granted by Government this year, and it was much to be wished that they had seen their way to grant the third also. These excise-duties illustrate what John Stuart Mill has said about the Government of the people of one country by the people of another. They were levied not for revenue purposes but as a concession to the selfish agitation of Manchester. They are maintained owing to a disinclination on the part of Government to displease that same powerful interest, though the mill industry in this

country, owing to various causes, not the least important of which is the currency policy of Government themselves, is in a state of fearful depression. The justification ostensibly urged in favour of their retention is that the principles of free trade would be violated if they were removed while the imports from Manchester were liable to Customs duties. The hollowness of this justification has, however, been effectively shown up by the present Editor of the *Times of India* in the brief Introduction contributed by him to a pamphlet, published some time ago by my friend Mr. B. J. Padshah, in which the question of the effect produced by the excise duties on the cotton industry of India has been examined with elaborate care and a clear grasp of principles.

> In deference to the representations of Lancashire millowners, says the writer of the Introduction, India was compelled to impose an excise-duty upon her own cotton manufactures. That is to say, she was forced to tax an internal industry at a peculiarly inopportune time for the benefit of Lancashire. She was practically sacrificed to the political exigencies of the moment. The British Parliament has now imposed a duty—not large but enough to be felt—upon imported corn. India sends corn to England just as Lancashire sends piece-goods to India. If the British Parliament really desires to render that justice to India which it so frequently professes, its only logical course must be to force an excise duty on its own home-grown corn. Such a proposition is naturally impossible, but it serves to throw into strong relief the essential injustice of the present treatment of the Indian cotton industry. The British Parliament is willing enough to thrust taxation upon Indian millowners for the benefit of their Lancashire brethren: but it places a protecting arm round the British farmer as against India.

In no other country would such a phenomenon of the Government taxing an internal industry—even when it was bordering on a state of collapse—for the benefit of a foreign competitor be possible, and I am inclined to believe that the Government of India themselves regret the retention of these duties as much as any one else. I earnestly hope that, before another year is over, the Secretary of State for India and the British Cabinet will come to realise the great necessity and importance of abolishing these duties, whose continued maintenance is not only unjust to a great Indian industry, but also highly impolitic

on account of the disastrous moral effect which it cannot fail to produce on the public mind of India.

My Lord, the Financial Statement rightly observes that for the first time since 1882, the Government of India have this year been able to announce a remission of taxation. Twenty-one years ago, a Viceroy, whose name will ever be dear to every Indian heart, assisted by a Finance Minister who has since risen to a most distinguished position in the service of the Empire, took advantage of the absence of any disturbing elements on the financial horizon to modify and partially reconstruct the scheme of our taxation and expenditure. The financial reforms of Lord Ripon and Major Baring (now Lord Cromer), joined to other great and statesmanlike measures of that memorable administration, roused throughout the country a feeling of enthusiasm for British rule such as had never before been witnessed; and the mind of every Indian student of political and financial questions constantly harks back to that time, because it sought to fulfil in a steady and earnest manner the higher purpose of England's connection with India. The fiscal status established during that period was rudely disturbed in 1885 in consequence of an apprehension of Russian aggression on the North-Western Frontier, and a period of continuous storm and stress, financial and otherwise, followed, which I venture to think has now happily come to a close. During the 14 years—from 1885 to 1898—the Government of India took about 120 crores of rupees from the people of this country over and above the level of 1882-85 (inclusive of about 12 crores for Upper Burma) under the larger heads of Revenue—about 36 crores under Land Revenue, 25 under Salt, 12 under Stamps, 18 under Excise, 15½ under Customs and 13⅓ under Assessed Taxes. Nearly 80 crores out of this additional 120 crores, *i.e.*, fully two-thirds, was swallowed up by the Army services, whereas the share that fell to the lot of public education out of this vast sum was represented by less than a crore of rupees. My Lord, I mention these facts not to indulge in vain regrets about a past which is now beyond recall, but because I wish earnestly and respectfully to emphasise the great

necessity of increased expenditure in future on objects which have so far been comparatively neglected, as on these the ultimate well-being of the people so largely depends. As things stand at present, Indian finance is virtually at the mercy of military considerations, and no well-sustained or vigorous effort by the State on an adequate scale for the material advancement or the moral progress of the people is possible while our revenues are liable to be appropriated in an ever-increasing proportion for military purposes. My Lord, I do not wish to speak to-day of the serious and alarming increase that has taken place during the last eighteen years in the military expenditure of the country, which has risen in a time of profound peace from about 17¾ crores—the average for 1882-85—to 26¾ crores—the amount provided in the current year's Budget, *i.e.*, by over 50 per cent. when the revenue derived from the principal heads has risen from 51 crores to 69 crores only, *i.e.*, by about 35 per cent. Our Military expenditure absorbs practically the whole of our Land-revenue and exceeds the entire civil expenditure of the country by about 2½ crores, thus demonstrating the excessive preponderance of the military factor in Indian finance. In no country throughout the civilised world do the Army services absorb so large a proportion of the national income. Not even in Russia is this expenditure more than one-fourth of the total ordinary revenue, while with us it is about one-third, omitting, of course, from the Revenue side Railway receipts, which are balanced by a corresponding entry on the Expenditure side. Military safety is no doubt a paramount consideration to which every other must yield, but military preparedness has no definite standard and might absorb whatever resources can be made available for it practically without limit. Moreover, the demands of military improvement must grow more and more numerous and insistent as years roll by, and there can be no finality in such matters. Military efficiency must, therefore, as Lord Salisbury once pointed out, be always *relative*, *i.e.*, determined in the case of each country by a combined consideration of its needs of defence and the resources that it can fairly devote for the purpose Judged by this test, our military expenditure must be

pronounced to be much too heavy, and unless effective measures are taken to bring about its reduction, or at any rate prevent its further increase, there is but little hope that Government will ever be able to find adequate funds for public education or other important and pressing measures of internal improvement. The question cannot be put better than in the eloquent words used by Lord Mayo in his memorable minute on the subject dated 3rd October, 1870—words which are as true to-day as they were 30 years ago—if anything, even more so.

> Though the financial necessities of the hour, said he, have brought more prominently to our view the enormous cost of our army (16·3 crores) as compared with the available resources of the country, I cannot describe fiscal difficulty as the main reason for the course we have taken. I consider that if our condition in this respect was most prosperous, we should still not be justified in spending *one shilling more* on our army than can be shown to be absolutely and imperatively necessary. There are considerations of a far higher nature involved in this matter than the annual exigencies of finance or the interests of those who are employed in the military service of the Crown. Every shilling that is taken for unnecessary military expenditure is so much withdrawn from those vast sums which it is our duty to spend for the moral and material improvement of the people.

The present strength of our Army is in excess of what the Simla Commission of 1879—of which Lord Roberts was a member—pronounced to be sufficient both for the purpose of maintaining internal peace and for repelling foreign aggression, not only if Russia acted alone, but even if she acted with Afghanistan as an ally. General Brakenbury, some time ago Military Member of the Governor-General's Council, admitted in his evidence before the Welby Commission that the present strength was in excess of India's own requirements and that a portion of it was maintained in India for Imperial purposes. The truth of this statement was forcibly illustrated during the last three years when India was able to spare, without apparent danger or inconvenience, a large number of troops for Imperial purposes in South Africa and China. Again, since the Army increases of 1885 were made, a great deal has been done at a heavy outlay of money to strengthen our coast and frontier

defences and to place the administration of the Army on a sounder basis. The armed strength has, moreover, improved in other directions also. The number of Volunteers has increased by nearly 13,000 men. The Native Army reservists now number close upon 20,000 and the Imperial Service troops about 18,904—both new and recent creations. My Lord, I am free to admit that in these matters Government are bound to be guided, mainly, if not exclusively, by the opinion of their expert military advisers. But there are certain broad features of the situation—certain large questions of general policy—which, I believe, it is open to every one to discuss: and I venture to submit with much diffidence and not without a sense of responsibility a few remarks on this subject for the consideration of Your Excellency's Government. Our Army is for all practical purposes a standing army, maintained on a *war footing* even in times of peace. It is altogether an *inexpansive* force, without any strong auxiliary supports in the country such as exist in European States, and its strength can be augmented only by an arithmetical increase of its cost. In Western countries and even in Japan, which has so successfully copied the Western system, the establishment maintained in times of peace can, owing to their splendid system of reserves, be increased three, four, five, even six times in times of war. Japan, for instance, which spends on her Army in times of peace about one-fourth of what we spend, has a peace establishment half our own and can mobilize in times of war nearly double the number of men that India can. The British troops in this country are under the Short Service system, but owing to the peculiarity of the situation, the main advantage of Short Service—*viz.*, securing for the country a large body of trained reservists—goes to England, while all the disadvantages of the system—the paucity of seasoned soldiers, increased payments to the British War Office for recruitment charges and increased transport charges—have to be borne by us. The native Army is in theory a Long Service army, but it was calculated by the Simla Army Commission, on the basis of the strength which then existed, that as many as 80,000 trained Native soldiers obtained their discharge and returned to their

homes in ten years' time. And the formation of reserves was proposed by the Commission so as to keep the greater number of these men bound to the obligations of service and also in the hope that the reserves so formed in time of peace might 'enable the Government to reduce the peace strength of the Native Army.' The Commission apprehended no political danger from such a restricted system of reserves, and it was calculated that the proposed reserves, if sanctioned, would absorb about 52,000 out of the 80,000 men retiring from the Army every ten years. Acting on this recommendation, Lord Dufferin's Government decided on the formation of such reserves and proposed to begin with two kinds—regimental and territorial reserves—of which the latter system was naturally better suited to the circumstances of such a large country and would undoubtedly have succeeded better. But the India Office, more distrustful in the matter than the men on the spot, disallowed the formation of territorial reserves, with the result that our reservists to-day do not number even 20,000 men. Practically, therefore, we have to place our sole reliance on a standing army and while the plan is, financially, the most wasteful conceivable, even as an organisation of national defence, it is radically faulty. No pouring out of money like water on mere *standing battalions* can ever give India the military strength and preparedness which other civilised countries possess, while the whole population is disarmed and the process of demartialization continues apace. The policy of placing the main reliance for purposes of defence on a standing army has now been discarded everywhere else, and at the present moment India is about the only country in the civilised world where the people are debarred from the privileges of *citizen soldiership* and from all voluntary participation in the responsibilities of national defence. The whole arrangement is an unnatural one; one may go further and say that it is an impossible one, and if ever unfortunately a day of real stress and danger comes, Government will find it so. My Lord, I respectfully plead for a policy of a little more trust in the matter. I freely recognise the necessity of proceeding with great caution, and if Government are not prepared to trust all parts of the country or

all classes of the community equally, let them select particular areas and particular sections of the community for their experiment. What I am anxious to see is the adoption of some plan, whereby, while a position of greater self-respect is assigned to us in the work of national defence, the establishments necessary during peace and war times may be separated and thus our finances may be freed from the intolerable pressure of an excessive and ever-growing military expenditure.

My Lord, the question which, in my humble opinion, demands at the present moment the most earnest and anxious attention of Government is the steady deterioration that is taking place in the economic condition of the mass of our people. In my speech on last year's Budget, I ventured to dwell at some length on this subject, and I have no wish to repeat again to-day what I then said. But the Hon'ble Sir Edward Law has made a few observations on the question in the Financial Statement under discussion which I deem it my duty not to allow to pass unchallenged. At page 20 of the Statement, under the heading of Economic Progress, my Hon'ble friend observes:—

> As a general indication of the increasing wealth of the tax-payers, I think that a very fairly correct estimate of the position is to be obtained by noting the increase in revenue returns under heads the returns from which are manifestly dependent on their spending power. Such heads are Salt, Excise, Customs, Post Office and in a lesser degree Stamps, and I give the following figures, showing progress in revenue under these heads during the last three years. . . . . The inevitable deduction from the figures tabulated must be that *the material prosperity of the people as a whole is making good progress.*

My Lord, I can only say that I am amazed at the Hon'ble Member's idea of what he calls 'the good progress' of the material prosperity of the people. Are the figures really so striking that they should convey to his mind a clear and emphatic assurance on a momentous question and fill him with such evident satisfaction. Last year, in replying to some of the remarks which I had made on this subject, the Hon'ble Member was pleased to state that I had been arbitrary in my selection of certain

periods for comparison and that I had compared the statistics of an earlier period which was normal with those of a later period which was disturbed by successive famines. The Hon'ble Member's criticism was passed on a misapprehension, because I had precisely avoided doing what he said I had done. However, having passed that criticism on me, one would have expected that the Hon'ble Member would be particularly careful in the selection of his own statistics. I am sorry, however, my Lord, to find that some of his figures are not only arbitrarily selected, but are used in a manner which I can only describe as misleading. Take, for instance, the figures of Salt-revenue. The Hon'ble Member starts with the year 1899–1900, when the Salt-revenue was 5·85 millions sterling, and points out that it had risen to 6·04 millions for 1902–1903. Now, in the first place, the rise here is very small. But will the Hon'ble Member tell me why he took 1899–1900 as his starting year and not the preceding one, *viz.*, 1898–99, the Salt-revenue for which was 6·06 millions sterling, *i.e.*, slightly over the figure for 1902–03? If we take 1898–99 as our starting year, we can deduce from these same figures the conclusion that the Salt-revenue has actually diminished during these four years and that the ground lost since 1898–99 has not yet been regained. Again, take the figures for Stamps. As they are presented by the Hon'ble Member, they no doubt show a small steady increase and the revenue for 1902–03 appears larger than for 1901–02, the figures given by the Hon'ble Member being 3·472 millions sterling for 1902–03 as against 3·446 millions sterling for 1901–02. But the Hon'ble Member seems to have lost sight of the fact that the figure for 1902-03 includes the revenue for Berar, which the figure for 1901-02 does not do; so that for purposes of a fair comparison the Berar revenue must be deducted from the former. The amount for Berar included in the figure for 1902-03 is, as Mr. Baker tells us, about £28,700. And this amount being deducted we get for 1902-03 a revenue of 3·443, which, it will be seen, is slightly lower than for the preceding year; and in fact Mr. Baker himself speaks in his note of the Stamp-revenue declining slightly during the year. The Hon'ble Member

has also omitted to deduct receipts for Berar under Excise and Post Office from his figures for 1902-03, and has moreover made no mention, as Mr. Baker has done, of the recent assemblage at Delhi being responsible for a portion of the increase under Post Office. It is true that, even after deducting the Berar quota, the Excise-revenue shows some increase, but the Hon'ble Member must forgive me if I say that that is not necessarily a sign of increased prosperity, though it is undoubtedly a sign of increased drunkenness in the land. Finally, many will decline to accept an increase of Customs-revenue in the present circumstances of India as any evidence of growing material prosperity. The bulk of our imports consists of manufactured goods, and almost every increasing import of foreign goods—far from indicating any increase in the country's purchasing power—only connotes a corresponding displacement of the indigenous manufacturer. Thus, while the import of cotton-goods has been for years past steadily increasing, we know, as a matter of fact, that hundreds and hundreds of our poor weavers throughout the country have been and are being driven by a competition they cannot stand to give up their ancestral calling and be merged in the ranks of landless labourers—and this typifies to a great extent the general transformation that is fast proceeding throughout the country. The process of such displacement is not yet complete, but the large and progressive totals of our import-trade only show that the transition of the country from the partially industrial to the purely agricultural phase of economic life is going on at a rapid pace, and that the movement has already reached an advanced stage. There is at present hardly a country in the world which has become so preponderatingly agricultural or sends abroad so much of its food-supply and raw material for manufactures as British India. When the disastrous transformation is completed—and this is now only a question of time unless remedial measures on an adequate scale are promptly undertaken—it will reveal a scene of economic helplessness and ruin before which the heart of even the stoutest optimist will quail. No doubt there are here and there signs of an awakening to the dangers of the situation: but the first condition of this

awakening producing any appreciable practical results is that the fact of our deep and deepening poverty and of the real exigencies of the economic position should come to be frankly recognised by the Government of this country. And, my Lord, it is a matter for both surprise and disappointment that a few paltry increases in revenue under certain heads should be accepted by the Finance Minister of this country as conclusive evidence of our growing material prosperity, when many most important indications point just the other way. The annual death-rate, independently of famine and plague, has been steadily rising for the last twenty years, showing that a steadily increasing proportion of the population is being underfed; the increase of population during the last decade has been much less than normal; there has been a diminution of the net cropped area in the older Provinces and a more or less general shrinkage of the area under superior crops; the indebtedness of the agricultural population has been alarmingly on the increase all over the country; their losses in crops and cattle during the last five years have been estimated at 300 crores of rupees; the currency legislation of Government has enormously depreciated their small saving in silver; the wages of labourers have not risen, during the last twenty years and more, in proportion to the rise in the prices of necessaries. I venture to think that unless these disquieting symptoms are properly diagnosed, not even the high authority of my Hon'ble friend will suffice to convey any assurance to the public mind that 'the material prosperity of the people as a whole is making good progress,' and that no apprehensions need be entertained for the future, if only the revenue under certain heads continues to advance as it has done during the past three years.

My Lord, Indian finance seems now to be entering upon a new and important phase, and the time has come when Government should take advantage of the comparative freedom, which the country at present enjoys from the storm and stress of the past eighteen years, to devote its main energies to a vigorous and statesmanlike effort for the promotion of the material and moral interests of

the people. Speaking roughly, the first half of the nineteenth century may be said to have been for British rule a period of conquest and annexation and consolidation in this land. The second half has been devoted mainly to the work of bringing up the administrative machine to a high state of efficiency and evolving generally the appliances of civilised Government according to Western standards. And I venture to hope that the commencement of the new century will be signalized by a great and comprehensive movement for the industrial and educational advancement of the people. After all, the question whether India's poverty is increasing or decreasing under the operation of the influences called into existence by British rule—though of great importance in itself—is not nearly so important as the other question as to what measures can and must be taken to secure for this country those moral and material advantages which the Governments of more advanced countries think it their paramount duty to bring within the easy reach of their subjects. My Lord, I have no wish to judge, it is perhaps not quite just to judge, the work done so far in these directions by the British Government in India by the standard of the splendid achievements of countries more fortunately circumstanced and having a more favourable start than ourselves in the field. I admit the exceptional character of our Government and the conflicting nature of the different interests which it has got to weigh before taking any decisive action in this matter. But after so many years of settled Government and of unchallenged British supremacy, it is, I humbly submit, incumbent now upon the rulers of this country to gradually drop the exceptional character of this rule and to conform year by year more and more to those advanced notions of the functions of the State which have found such wide, I had almost said, such universal acceptance throughout the Western world. European States, for years past, have been like a number of huge military camps lying by the side of one another. And yet in the case of those countries, the necessity of military preparedness has not come and does not come in the way of each Government doing its utmost in matters of popular

education and of national industries and trade. Our record in this respect is so exceedingly meagre and unsatisfactory, even after making allowances for our peculiar situation, that it is almost painful to speak of it along with that of the Western nations. In Europe, America, Japan and Australia, the principle is now fully recognised that one of the most important duties of a Government is to promote the widest possible diffusion of education among its subjects, and this not only on moral but also on economic grounds. Professor Tews of Berlin, in an essay on Popular Education and National Economic Development, thus states his conclusions on the point:—

1. General education is the foundation and necessary antecedent of increased economic activity in all branches of national production in agriculture, small industries, manufactures and commerce. (The ever-increasing differentiation of special and technical education, made necessary by the continual division of labour, must be based upon a general popular education and cannot be successful without it.)

2. The consequence of the increase of popular education is a more equal distribution of the proceeds of labour contributing to the general prosperity, social peace, and the development of all the powers of the nation.

3. The economic and social development of a people, and their participation in the international exchange of commodities, is dependent upon the education of the masses.

4. For these reasons the greatest care for the fostering of all educational institutions is one of the most important national duties of the present.

My Lord, it is essential that the principle enunciated with such lucidity by Professor Tews in the foregoing propositions should be unreservedly accepted in this country as it has been elsewhere, and that a scheme of mass education should now be taken in hand by the Government of India so that in the course of the next twenty-five or thirty years a very appreciable advance in this direction might be secured. It is obvious that an ignorant and illiterate nation can never make any solid progress and must fall back in the race of life. What we therefore want—and want most urgently—is first of all a widespread diffusion of elementary education—an effective and comprehensive system of primary schools for the masses—and

the longer this work is delayed, the more insuperable will be our difficulties in gaining for ourselves a recognised position among the nations of the world. My Lord, the history of educational effort in this country during the last 20 years is sad and disheartening in the extreme. Lord Ripon's Government, which increased the State contribution to education by about 25 per cent., *i.e.*, from 98 lakhs to 124 lakhs between 1880 and 1885, strongly recommended, in passing orders upon the Report of the Education Commission of 1882, that Local Governments and Administrations should make a substantial increase in their grants to Education and promised special assistants to them from the revenues of the Government of India. But, before the liberal policy thus recommended could be carried out, a situation was developed on the frontiers of India which led to increased military activity and the absorption of all available resources for Army purposes, with the result that practically no additional funds were found for the work of Education. And in 1888 the Government of India actually issued a Resolution stating that, as the duty of Government in regard to Education was that of merely pioneering the way, and as that duty had on the whole been done, the contributions of the State to Education should thereafter have a tendency to decrease. Thus, while in the West the Governments of different countries were adopting one after another a system of compulsory and even free primary education for their subjects, in India alone the Government was anxious to see its paltry contribution to the education of the people steadily reduced! In the quinquennium from 1885-86 to 1889-90 the State grant to Education rose from 124·3 lakhs to 131·6 lakhs only, *i.e.*, by less than 6 per cent., and this in spite of the fact that the amount for the latter year included State expenditure on Education in Upper Burma which the former year did not. Since 1889-90 the advance under the head of Educational expenditure from State funds has been slightly better, but part of this increase since 1893 has been due to the grant of exchange compensation allowance to European officers serving in the Educational Department throughout India. It is only since last year that the

Government of India has adopted the policy of making special grants to Education, and I earnestly hope that, as year follows year, not only will these grants be increased, but they will be made a part of the permanent expenditure of the State on Education. In this connection, I would earnestly press upon the attention of Government the necessity of making Education an Imperial charge, so that the same attention which is at present bestowed by the Supreme Government on matters connected with the Army Services and Railway expansion might also be bestowed on the education of our people. Under present arrangements, Education is a Provincial charge and the Provincial Governments and Administrations have made over Primary Education to local bodies whose resources are fixed and limited. No serious expansion of educational efforts is under such arrangements possible. In the Bombay Presidency, for instance, District Local Boards, which have charge of Primary Education in rural areas, derive their revenue from the one-anna cess which they have to devote in certain fixed proportions to Primary Education, Sanitation and Roads. Now, our revenue-settlements are fixed for 30 years; which means that the proceeds of the one-anna cess in any given area are also fixed for 30 years; and as Government, as a rule, contributes only $\frac{1}{3}$rd of the total expenditure of these Boards on Education, it is clear that the resources that are available at present for the spread of Primary Education in rural areas are absolutely inelastic for long periods. There are altogether about $5\frac{1}{2}$ lakhs of villages in British India, out of which, it has been calculated, four-fifths are at present without a school; the residents of these villages pay the local cesses just like other villagers, and yet the necessary educational facilities for the education of their children are denied them!

The position as regards the spread of primary education and the total expenditure incurred in connection with it in different countries is shown in the following table. The figures are taken from the Reports of the United States Commissioner of Education, and are for 1897 or 1898 or 1899 or 1900 as they have been available:—

Name of Country.	Population in Millions.	Total enrolment in Primary Schools in Millions.	Ratio of enrolment to population.	Total expenditure in millions of pounds.	Expenditure per head of population.	Remarks.
					s. d.	
EUROPE.						
Austria-Hungary.	41·4	6·2	15	5·35	2 6	
Belgium ...	6·7	·8	11·5	1·5	4 6	
Denmark ...	2·2	·3	14	...	...	Expenditure figures not available.
France ...	38·5	5·5	14·4	8·9*	4 11	*On public Schools only, which enrol about three-fourths the total.
Prussia ...	31·5	6·3	20	9·2	5 4	
England and Wales.	31·7	5·7	17·7	12·1	5 0	
Scotland ...	4·3	·7	17	1·6	7 8	
Ireland ...	4·5	·8	17·6	1·2	5 5	
Greece ...	2·5	·16	6·7	...	...	Figures of expenditure not available.
Italy ...	32	2·4	7·3	2·5	1 7	
Norway ...	2	·3	16·4	4·5	4 6	
Portugal ...	5	·24	4·7	...	...	Do. do.
Russia ...	126·5	3·8	3	4†	0 8	†State contribution only.
Spain ...	18·2	1·4	7·4	...	...	Figures of expenditure not available.
Sweden ...	5·1	7·4	14·5	1·1	4 2	
Switzerland ...	3·1	·65	20·7	1·3	8 5	
ASIA.						
India (British) ...	221·2	3·16	1·4	·76	0·83	
Japan ...	42·7	3·3	7·8	2	0 11	
AFRICA.						
Cape Colony ...	1·5	·15	9·65	·27	3 6	
Natal ...	·54	·02	4·50	·06	2 2	
Egypt ...	9·7	·21	2·17	...	...	Expenditure figures not available.
AMERICA.						
United States ...	75·3	15·3	20·9	44·5	9 10	
Canada ...	5·2	·95	18	2	7 9	
AUSTRALASIA.	4·3	·79	18	2·5	11 7	

The figures of expenditure on Higher Education in various countries are also most interesting and instructive:—

Name of country.	Total amount spent.		Expenditure per capital of population.
Austria	·56	millions sterling ...	6*d.*
Belgium	·16	„ „ ...	6*d.*
Denmark	·06	„ „ ...	8*d.*
France	·92	„ „ ...	6*d.*
Germany	1·6	„ „ ...	7*d.*
Great Britain & Ireland.	1·7	„ „ ...	11*d.*
Greece	·02	„ „ ...	2*d.*
Italy	·16	„ „ ...	3½*d.*
Norway	·04	„ „ ...	4*d.*
Russia	·95	„ „ ...	2*d.*
Spain	·1	„ „ ...	1½*d.*
Sweden	·14	„ „ ...	6½*d*
Switzerland	·14	„ „ ...	11*d.*
United States ...	3·5	„ „ ...	11*d.*
Canada	·21	„ „ ...	10*d.*
Australasia	·13	„ „ ...	8*d.*
India	·28	„ „ ...	½*d.*

Except in England, the greater part of the cost of higher education, about three-fourths and in some cases even more, is met everywhere out of the funds of the State.

My Lord, even allowing for the difference in the purchasing power of money in this country and elsewhere, these figures tell a most melancholy tale and show how hopelessly behind every other civilised nation on the face of the earth we are in the matter of public education. It is sad to think, that, after a hundred years of British rule, things with us should be no better than this, and, unless the work is taken up with greater confidence and greater enthusiasm, there is small hope of any real improvement in the situation taking place. In other countries, national education is held to be one of the most solemn duties of the State, and no effort or money is spared to secure for the rising generations the best equipment possible for the business of life. Here it has so far been a more or less neglected branch of State duty, relegated to a subordinate position in the general scheme of State action. Now that an era of substantial surpluses has set in, Government will not find themselves debarred

from taking up the work in right earnest by financial difficulties. In this connection, I respectfully desire to make one suggestion—*viz.*, that henceforth, whenever there is a surplus, it should be appropriated to the work of promoting the educational and industrial interests of the country. At present these surpluses go to reduce the amount of our debt, but, as the Hon'ble Sir Edward Law has pointed out in the Financial Statement, our burden of debt is by no means heavy, and there are valuable assets on the other side to cover the whole of it. Surpluses, after all, mean so much more taken from the people than is necessary for the purposes of the administration, and I think it is most unfair that these surplus revenues should be devoted to the reduction of a debt which is not at all excessive, when questions concerning the deepest welfare of the community and requiring to be taken in hand without any delay are put aside on the ground of want of funds. We have seen that the surpluses during the last five years have amounted to over 22 crores of rupees. If this vast sum had been set apart for the promotion of our educational and industrial interests instead of being needlessly devoted to a reduction of debt, what splendid results the Government would have been able to shew in the course of a few years! My Lord, the question of expenditure lies really at the root of the whole educational problem. The country has recently been agitated over the recommendations of the Universities Commission appointed by Your Excellency's Government last year. I do not desire to say anything on the present occasion on the subject of University reform, but it strikes me that, if Government made its own institutions really model ones by bringing up their equipment to the highest standard and manning them only with the best men that can be procured both here and in England, the private colleges would necessarily find themselves driven to raise their own standard of equipment and efficiency. And if a number of post-graduate research scholarships were established by Government to encourage life-long devotion to higher studies, the whole level of higher education in the country will be raised in

a manner satisfactory to all. I think it is absolutely necessary that men whom the Government appoints to chairs in its own colleges should set to their students the example of single-minded devotion to learning, and should, moreover, by their tact and sympathy and inborn capacity to influence young men for good, leave on their minds an impression which will endure through life. Only such Englishmen as fulfil these conditions should be brought out, and I would even pay them higher salaries than at present if the latter are found to be insufficient to attract the very best men. They should further be not young men who have just taken their degree, but men of some years' educational standing, who have done good work in their subjects. My Lord, it is difficult to describe in adequate terms the mischief that is done to the best interests of the country and of British rule by the appointment of third or fourth rate Englishmen to chairs in Government colleges. These men are unable to command that respect from their students which they think to be due to their position, and then they make up for it by clothing themselves with race pride, which naturally irritates the young men under them. The result often is that young students leave college with a feeling of bitterness against Englishmen, and this feeling they carry with them into later life. On the other hand, the influence which a first class Englishman who knows how to combine sympathy with authority exercises upon his pupils, shapes their thoughts and feelings and aspirations throughout life, and they continue to look up to him for light and guidance even when their immediate connection with him has come to an end. My Lord, the question of technical instruction has often been discussed during the past few years in this country, and some time ago Your Excellency was pleased to ask if those who so often spoke about it had any definite proposals of their own to make. I do not, however, see how such a responsibility can be sought to be imposed upon our shoulders. Government have command of vast resources, and they can procure without difficulty the required expert advice on the subject. If a small Commission of competent Englishmen and Indians, who feel a genuine enthusiasm for technical education, were deputed to those countries

where so much is being actually done by their Governments for the technical instruction of their people to study the question on the spot, in a year or two a workable scheme would be forthcoming, and with the large surpluses which the Hon'ble Finance Member is now able to announce year after year, a beginning could almost at once be made, and actual experience would suggest the rest.

My Lord, there is one more question on which I beg leave to offer a few observations. The question of the wider employment of Indians in the higher branches of the Public Service of their own country is one which is intimately bound up, not only with the cause of economic administration, but also with the political elevation of the people of India. There is no other country in the world where young men of ability and education find themselves so completely shut out from all hope of ever participating in the higher responsibilities of office. Everywhere else, the Army and the Navy offer careers to aspiring youths which draw forth from them the best efforts of which they are capable. These services, for us in this country, practically do not exist. The great Civil Service, which is entrusted with the task of general administration, is also very nearly a monopoly of Englishmen. But it is not of these that I propose to speak to-day. I recognise that, in the present position of India, our admission into these fields of high employment is bound to be very slow, and I can even understand the view that, for the purpose of maintaining British supremacy intact, there must be for many years to come a large preponderance of Englishmen in the ranks of these services. But, my Lord, our exclusion from high office does not end here. In all the Special Departments or Minor Services, as they are called, our position is even worse. In the Judicial and Executive branches of the Public Service, the subordinate ranks at any rate are manned by us. But in such departments as Forests, and Customs and Salt and Opium, our exclusion from even lower ranks is practically complete. Thus, in the Survey Department of the Government of India, there are altogether 132 officers, with salaries ranging from 300 to 2,200 rupees a month,

and of these only two are Indians and they are in the last grade of Rs. 300. There are, moreover, 45 officers in this Department whose salaries range between Rs. 160 to 300, and even among these, only ten are Indians. Again, take the Government Telegraph Department. There are 52 appointments in it, the salaries of which are Rs. 500 a month and more, and of these only one is an Indian. In the Indo-British Telegraph Branch, there are 13 officers with salaries above five hundred rupees a month, and among these there is not a single Indian. In the Mint Department, there are six officers with salaries above five hundred, and there too, there is not a single Indian. So too in the Post Office. Last year there was only one Indian in that Department among the ten men who drew salaries above five hundred. But he was a member of the Civil Service, and it was in this capacity that he was there. In the Geological Survey, 2 out of 14 officers, drawing salaries above Rs. 500, are Indians; in the Botanical Survey, none. In the Foreign Department, out of 122 such officers, only 3 are Indians; under Miscellaneous there are 22 such officers, but not a single Indian is among them. It is only in the Financial Department that there is any appreciable proportion of Indians, namely, 14 out of 59, among those whose salaries are above five hundred a month. Turning to the Departments under Provincial Governments, and taking the Presidency of Bombay, we find that in the Forest Department there are 21 officers whose salaries and allowances come to Rs. 500 and above a month; of these only one is an Indian. In the Salt Department, there are 13 places with salaries above four hundred a month, and not a single one among these is held by an Indian. In the Customs Department of Bombay, there are 13 officers who draw Rs. 300 a month and above, and of these only three are Indians. The Medical Department is, of course, practically a monopoly of Englishmen. In the Police Department, there are 49 officers classed as Superintendents and Assistant Superintendents with salaries from Rs. 200 upwards, and there is not a single Indian among them. Only among 11 Probationary Assistant Superintendents there are 4 Indians. In the Educational Department, there are 25

officers drawing salaries of Rs. 500 and above, and of these only 5 are Indians. In the Public Works Department the proportion of Indians is larger, there being 26 Indians classed as Executive Engineers and Assistant Engineers out of 81 Superior Officers of the Department. Turning next to Bengal, we find that in the Forest Department there are 26 officers whose salaries range between Rs. 200 and Rs. 1,200 a month, and among these only 2 are Indians and they are in the lowest grades. In the Salt Department there are 4 officers with salaries ranging from Rs. 300 to Rs. 1,000. There is no Indian among them. In the Customs Department there are 41 appointments, with salaries ranging from Rs. 260 to Rs. 2,250; not a single one among them is held by an Indian. In the Opium Department there are 87 officers with salaries coming down from Rs. 3,000 to so low a point as Rs. 140 a month; only 12 out of these are Indians. Two officers belong to the Stamps and Stationery Department and draw Rs. 1,120 and Rs. 500 a month; but neither of them is an Indian. In the Jail Department there are 1 Inspector-General, 12 Superintendents and 4 Deputy Superintendents. There is only one Indian among them, and he is in the rank of Deputy Superintendent. In the Educational Department there are 59 officers drawing Rs. 500 and above, and out of these only 10 are Indians. Lastly, in the Public Works Department, 84 officers draw a salary of Rs. 500 a month and above, of whom only 15 are Indians. The other provinces tell the same mournful tale, and I do not wish to trouble the Council with any more details in this matter.

Now, my Lord, I would respectfully ask if such virtual exclusion of the children of the soil from these Special Departments can be justified on any grounds. Reasons of political expediency may be urged for our exclusion from the Army. It might also be urged with some show of reason that the Civil Service of India must continue to be recruited, as at present, by means of a competitive examination held in London, because that Service represents the traditions of British rule to the mass of the people, and its members must, therefore, be imbued with the English spirit and be familiar with English modes of thought: and

that in theory at any rate Indians are free to compete for entrance into the service on the same terms as Englishmen. But why this shutting out of our people from the Special Departments also? There is no question of political expediency involved here. If Indians are found to sit on High Court Benches with dignity to themselves and honour to their country, it cannot be contended that they would be found wanting, if they were entrusted with responsible duties in the Opium or Salt or Customs Department. If it be argued that for the technical instruction that is necessary in the Telegraph and some other Departments there are no adequate facilities in the country, the answer to that is that Government should provide those facilities to the people of this country. But the virtual monopoly of these Departments is so jealously guarded that, where competitive examinations for entrance into them exist, those examinations have been surrounded with stringent restrictions such as are unknown in the case of the great Civil Service. Thus while an Indian, by passing the Indian Civil Service Examination, might one day be the Head of a District or of a Division as some Indians actually are at present, no Indian is allowed to compete for entrance into the Police Department at the competitive examination that is held in London, because, if he passed, he might one day be the head of the Police in a district. Again, only two years ago the rules for admission into the Engineering and Telegraph Departments from Cooper's Hill were altered with the express purpose of preventing more than two Indians in any particular year from entering those services. This alteration of the rules was a grievous wrong done to the people of India, and it has produced a feeling of bitter resentment throughout the country. In the Educational and Public Works Departments, our numbers are slightly more satisfactory than in the other departments, but even here the constitution of a Provincial Service, with a lower status and a lower scale of pay, has caused much dissatisfaction and discontent. My Lord, if all posts were equally open to Indians and Europeans, something may be said in favour of paying the Indian a smaller salary, if Government in the interests of economic administration preferred the Indian to the

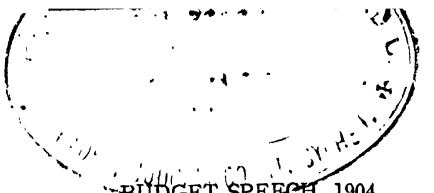
Englishman, when both were equally eligible; but to restrict the employment of Indians and at the same time to pay such of them as are employed a lower salary is to inflict upon them a double disadvantage, the reason for which it is not easy to understand. My Lord, the Universities turn out every year a large number of young men who have received a fairly high education. It is a natural aspiration on the part of many of them to seek responsible employment in the service of their own country. If they find a bar in front of them, whichever way they turn, how can they be blamed if they occasionally show signs of discontent? They belong to what may be called the articulate classes of this country, and what they say sinks slowly but steadily into the minds of the mass of the people. We have been promised equality of treatment, both in the Act of 1833 and the Proclamation of 1858. I for one am prepared to allow that such equality of treatment is under existing circumstances possible only within certain limitation; only I am anxious that there should be a constant movement in the right direction, and that, as year succeeds year, the sphere of employment should widen for my countrymen more and more. I ask this in the name of good policy as well as of justice, and I earnestly trust that the spirit of my remarks will not be misconceived.

My Lord, I must apologize to the Council for having spoken at such unconscionable length and strayed over a somewhat wide variety of topics. But this is the only day in the year when the non-official Members of the Council find an opportunity to place before Government their views, such as they may be, in regard to the more important questions connected with the Administration of India. No one denies that the difficulties of the position are great, and no one expects radical or far-reaching changes all in a day. What one regrets most, however, in the present system of administration is that it favours so largely a policy of mere drift. The actual work of administration is principally in the hands of members of the Civil Service, who, taken as a body, are able and conscientious men; but none of them individually can command that prestige, which is so essential for inaugurating any large scheme of policy

involving a departure from the established order of things. The administrators, on the other hand, who come out direct from England, command, no doubt, the necessary prestige, but their term of office being limited to five years, they have not the opportunity, even if they had the will, to deal in an effective and thorough-going manner with the deeper problems of the administration. The result is that there is an inveterate tendency to keep things merely going, as though every one said to himself: 'This will last *my* time.' What the situation really demands is that a large and comprehensive scheme for the moral and material well-being of the people should be chalked out with patient care and foresight, and then it should be firmly and steadily adhered to, and the progress made examined almost from year to year. My Lord, speaking the other day at the Imperial Assemblage at Delhi, Your Lordship was pleased to observe:—

> If we turn our gaze for a moment to the future, a great development appears with little doubt to lie before this country. There is no Indian problem, be it of population or education or labour or subsistence, which it is not in the power of statesmanship to solve. The solution of many is even now proceeding before our eyes.
>
> The India of the future will, under Providence, not be an India of diminishing plenty, of empty prospect, or of justifiable discontent; but one of expanding industry, of awakened faculties, of increasing prosperity, and of more widely distributed comfort and wealth. I have faith in the conscience and purpose of my own country, and I believe in the almost illimitable capacities of this. But under no other conditions can this future be realised than the unchallenged supremacy of the Paramount Power, and under no other controlling authority is this capable of being maintained than that of the British Crown.

My Lord, the people of India have all along accepted with willing allegiance the condition so justly insisted upon by Your Lordship, namely, the unchallenged supremacy of the Paramount Power, and the faith expressed in the purpose and conscience of England is our main ground of hope for the future. Both sides stand to lose a great deal if their harmonious co-operation is ever disturbed, and working in a spirit of mutual understanding and appreciation, they may realise for this country an honoured position among the nations of the earth and for England the glory of having helped India to such a position.



BUDGET SPEECH, 1904.

[*At a meeting of the Imperial Legislative Council held on Wednesday the 30th March, 1904, His Excellency Lord Curzon presiding, the Hon. Mr. G. K. Gokhale spoke as follows on the Financial Statement for 1904-05, presented by the Hon. Sir. Edward Law*:—]

Your Excellency, I join heartily in the congratulations which have been offered to my Hon'ble friend the Finance Member on the very interesting Financial Statement which he has presented to the Council this year. I think the Hon'ble Member has been the luckiest Minister that has ever held charge of the Financial portfolio in this country. Large surpluses have been the order of the day during his time. They, indeed, began before he took charge of his office. For the year that is about to close is the sixth year in succession when a large surplus has been realised. In the opening paragraphs of the new Financial Statement, the surplus for the closing year is shown at £2,711,200, *i.e.*, a little over four crores of rupees. But, as Mr. Baker points out in his note, the true surplus is about 6·72 crores and of this sum special grants, aggregating 2·65 crores, have been made to Provincial Governments. We thus have the extraordinary phenomenon of a year in which taxes bringing in a revenue of close upon two crores of rupees were remitted, showing, in spite of the remission, a surplus of about 6¾ crores. Never before, my Lord, were such huge surpluses realised in the history of Indian finance, and the fact that they have shown themselves year after year for six years in succession proves conclusively that the level of taxation has been fixed much higher than the needs of public expenditure require or the circumstances of the country justify. The surpluses of the last six years have aggregated nearly 29 crores of rupees. If we take the twenty years immediately preceding this period of six years, we find that the total of surpluses in those years was only 17½ crores and the total of deficits 19½ crores—

or a net deficit of two crores. A total surplus of 29 crores in six years as against a net deficit of two crores in twenty years—this illustrates with sufficient clearness the startling change that has taken place in the position of the country's finances. What has brought about this change? There have been no sudden accessions to the wealth of the people, nor has a policy of severe retrenchment been adopted, resulting in a reduction of public burdens. On the other hand, the earlier years of the periods were marked by two of the severest famines that India has ever known, causing enormous losses to the people in crops and cattle, and necessitating a large outlay on the part of the Government for famine relief; and during the later years there has been a notable increase in public expenditure. How then, have these large and recurring surpluses been caused? The explanation, my Lord, is not far to seek. For twelve years, from 1885 onwards, the country passed, financially speaking, through a period of exceptional storm and stress, the falling rupee and the failing opium causing the Finance Minister the utmost anxiety and giving him practically no rest. And the level of taxation had to be continuously raised so as to maintain, even in the most adverse circumstances, a budgetary equilibrium between the revenue and the expenditure of the country. The lowest point reached by the rupee was 13*d*. The lowest level reached by opium-revenue was about five crores of rupees. Since then the rupee has risen to 16*d*. and has firmly established itself there, owing to the currency legislation of Government, and a rise of 3*d*. means a saving of about five crores in the remittances necessary to cover the home charges. There has also been a remarkable recovery in the opium-revenue, the figure for the closing year being actually over 8½ crores. The rise in the rupee and the recovery in the opium-revenue have thus brought about an improvement of about eight crores a year in the financial position of the Government of India. From this we must deduct about two crores, being the amount remitted last year, under the salt-tax and the income-tax; and if we assume that the normal increases in the ordinary sources of revenue go to cover the normal increases in expenditure, we get, on the present basis of

taxation, an annual surplus of about six crores of rupees. It may, however, be urged that the improvement in the opium-revenue may not last and that it is not prudent to lower the level of taxation on the strength of the present improvement. Even allowing this to be so, we still have a large permanent excess of revenue over expenditure, and this excess fully justifies a prayer on the part of the people for further remission of taxation. The relief granted last year evoked a general feeling of gratitude throughout the country and nobody has forgotten it. Looking, however, to the prosperous condition of the national exchequer, we feel we are entitled to ask for a larger measure of relief. My Lord, in the twelve years of storm and stress to which I have referred, it was perhaps necessary for the Finance Minister to act on the safe, if somewhat over-cautious, plan of under-estimating the Revenue and over-estimating the expenditure. But though the difficulties of that position have passed away, the tradition, once established, still holds the field. And our budget estimates continue year after year to be so framed as to show the smallest possible surplus, when everyone, including, I believe, the Finance Member himself, fully expects that a large surplus will be realised at the end of the year. My Lord, an equilibrium between the ordinary revenue and the ordinary expenditure is of course a necessity in a solvent nation's finance. Under favourable conditions, even extraordinary charges might be met out of revenue. And further, to assure the position, a moderate surplus may be provided for. But anything beyond this is opposed to all the received canons of good finance. Nothing, to my mind, can be more indefensible than to raise from the people, year after year—as has been done for the last six years—a larger revenue than is fairly needed for the requirements of the country. As Major Baring (now Lord Cromer) put it in his Financial Statement for 1882-83:—

> It is, of course, desirable to estimate for a moderate surplus. But to keep on taxes in order to secure too large a surplus is unjustifiable.

The Hon'ble Member himself expressed a similar view in his Financial statement of last year. In announcing last year's remission of taxation, he said:—

In view of the present satisfactory situation, it is the opinion of the Government of India that it is neither desirable nor good financial policy to continue levying taxation at present rates, yielding such large recurring surpluses as have been realised during the last four years. It is true that our expenditure is necessarily increasing with the increasing development of the country, and some of our present sources of revenue do not show much sign of elasticity. But for the present our receipts are in excess of our needs, and even should it be necessary some years hence to seek the means of increasing revenue we hold that we are not justified in continuing taxation at its present level during an interval which we trust may be prolonged.

My Lord, in a country admittedly so poor as India, where, again, the people are just emerging from a series of calamitous years, it is essential that the weight of public burdens should be kept as light as possible. The existence of a large surplus is a direct invitation to the Government to increase expenditure, and further it constitutes a temptation to the authorities in England to try and shift a portion of their own burdens to the shoulders of the Indian Government. I cannot help wishing, therefore, that my Hon'ble friend had seen his way, in view of his large surplus, to recommending further relief to the taxpayers of this country. As the recurring surpluses have been made possible by the currency legislation of the Government, it is but fair that the class whose interests have been most adversely affected by that legislation—the bulk of our agricultural population—should receive the major portion of whatever relief is granted. My Lord, the fall in general prices as a result of the artificial appreciation of the rupee has, I think, already begun, however its operation may be hidden from view by other causes. The Hon'ble Member himself seems to recognise this, inasmuch as he warns us to be prepared for a decline of prices during the next few years. When the full effects of the currency legislation unfold themselves and the final adjustment of prices to the standard of the new rupee takes place, it will be found that a grievous addition has been made to the burdens of the agricultural producer and that virtually his assessment has been enhanced by nearly fifty per cent. The delay that has occurred, owing to various circumstances, in such adjustment taking place, has enabled some people—including even persons in high

authority—to make very astonishing claims for the new rupee. Thus we find that the late Secretary of State for India, at the time of presenting the last Indian Budget to Parliament, expressed himself as follows:—

> While the exchange value of the rupee has externally risen, and has without difficulty been maintained practically at the rate of 1*s.* 4*d.*, prices have not been adversely affected. In fact, the prices of commodities of general consumption have risen rather than fallen. By reducing the number of rupees to be remitted to this country to meet gold obligations, surplus after surplus has been secured during the past four years. And the present remission of taxation is mainly due to the success of our present currency policy.

I do not wish to trouble the Council with any lengthy discussion on this point, but all I would like to ask is, if the Secretary of State for India really imagines that such an impossible feat as that of raising the exchange value of the rupee without involving an indirect increase in the taxation of the country can be performed, what is there to prevent the Government of India from raising the rupee still higher—say, to 1*s.* 6*d.* or 1*s.* 9*d.* or even 2*s.*? The surpluses then would be even larger than now and as, according to Lord George Hamilton's argument, no harm is done to anybody in India by such artificial appreciation, there is no reason whatever why such a wonderfully easy and simple method of increasing the resources at the disposal of the Government should not be adopted. I think, however, that the Lords Commissioners of the Treasury showed a better appreciation of the rupee than the late Secretary of State for India, when, in a letter, dated 24th November 1879, they wrote:—

> It appears too that the Government of India, in making the present proposal, lay themselves open to the same criticisms as are made upon Governments which have depreciated their currencies. In general, the object of such Governments has been to diminish the amount they have to pay to their creditors. In the present case, the object of the Indian Government appears to be to increase the amount they have to receive from their taxpayers. If the present level of exchange be due to the depreciation of silver, the Government scheme, if it succeeds, may relieve the Indian Government and others, who desire to remit money to England, but this relief will be given at the expense of the Indian taxpayer or with the effect of increasing every debt or fixed payment in India, including debts due by raiyats to money-lenders.

I submit, my Lord, that there should really be no difference of opinion on this point and that the authors of the currency policy should freely admit that, whatever its counter balancing advantages may be, that policy involves a most heavy indirect addition to the burdens, especially of the agricultural population, when its full effects manifest themselves. Of course we all recognise that a reversal of the currency policy, adopted more than ten years ago, is not now within the pale of practical politics. But that only imposes upon the Government the responsibility to take every opportunity that offers itself to grant such relief, as may be reasonably possible, to those to whom the State undoubtedly owes some reparation.

My Lord, I think that three particular forms of relief may be specially suggested for the consideration of Government on the present occasion. The first is the abolition of the excise duty on cotton goods; the second is a further reduction of eight annas in the salt-tax; and the third is a lowering of the land-revenue demand—especially in the North-West Provinces, Bombay and Madras. Of these the subject of excise duty has been more than once discussed in this Council, and I do not wish to refer to it at any length to-day. I think there is now no doubt that this duty is really paid by the consumers, which means by the bulk of our poorer classes; and thus, while it hampers the mill industry to a considerable extent, it also constitutes a serious and perfectly unnecessary addition to the burdens of our poorer classes. The Hon'ble Member says that:

> It is impossible to believe that the average enhanced cost to the individual consumer of cotton cloth on account of the excise exceeds 3½ annas per annum.

But I submit that even 3½ annas a year is a serious matter to those whose annual income—taking official calculations alone—does not exceed Rs. 72, as calculated by Sir David Barbour and Lord Cromer, or Rs. 30, as calculated by Your Excellency three years ago, and whose normal state is one of

abject poverty and, in the case of a considerable proportion, even of chronic destitution. I think, my Lord, that the arguments in favour of the abolition of this duty are unanswerable and that the moral effect of its maintenance is even more disastrous than the financial or economic one. The Hon'ble Member has, however, urged a strange plea in his Financial Statement to justify the continued levy of so objectionable a duty, and I confess it has surprised me not a little. The Hon'ble Member says:—

> Moreover, it must be remembered that a certain amount of revenue is a necessity to provide for the administration of the country and the cotton excise dues now return upwards of 20½ lakhs, having increased from Rs. 11,62,947 in 1900-01. It is very easy to object to any and every class of taxation, but those who make objections should, I think, offer suggestions as to how revenue could be maintained if their objections were to be admitted.

My Lord, if my Hon'ble friend really believes that the excise duty is maintained because it brings in a revenue which the Government cannot afford to give up, he is probably the only man in India or in England who thinks so. Moreover, can the Hon'ble Member be serious when he advances such an argument with a surplus of nearly 6¾ crores in hand, reduced to four crores by special grants made to Provincial Governments? Why, my Lord, instead of the Government being unable to sacrifice 20 lakhs a year, there seems to be such a plethora of money in the country's exchequer that the Government do not know what to do with it! I could have understood Sir Auckland Colvin or Sir David Barbour or Sir James Westland using the language that my Hon'ble friend has used. But he, the fortunate realiser of surplus after surplus—such as were never before dreamt of in the history of Indian finance—surely he must not speak as though he knew not which way to turn to make the two ends meet!

My second suggestion for granting further relief to the poorer classes of the country is that another eight annas should be taken off the salt duty. This duty was reduced by eight annas last year, and the measure of relief was received with deep gratitude throughout the

country. The reduction might, however, be carried still further without any inconvenience. The salt-duty question in India is essentially a poor man's question: for it is the poorer many—and not the richer few—who eat more salt when it is cheap and less when it is dear. The soundest and best policy in the matter—even financially—would, therefore, seem to be to raise an expanding revenue on an expanding consumption under a diminishing scale of duties. Again, every reduction effected in this duty gives the Government a valuable financial reserve, which may be used without difficulty in times of sudden emergency. A further reduction of the salt duty is, therefore, from every point of view, a most desirable form of relief. In this connection, there is one matter which I would respectfully urge upon the attention of Government. The manufacture of salt in India is strictly under Government control, and practically a Government monopoly. And the monopoly is enforced under restrictions and in a manner which have the effect of transferring about a third of the industry to the foreign manufacturer. Numerous small salt-works which formerly existed on the coast have been suppressed and the manufacture has been concentrated at a few places with a view to bringing it under effective control. The result is restricted production. We have an extensive sea-board and salt-mines too, and can manufacture every pound of salt we need. And yet, under the existing fiscal system, about a third of our supply comes from foreign countries. The following figures, taken from the Material and Moral Progress Report for 1901–02, are instructive :—

Imports of salt from	1891-92.	1901-02.
	Tons.	Tons.
The United Kingdom	222,300	259,200
Germany	103,400	76,700
Red Sea and Persian Gulf Ports ...	45,700	147,700
Other places	2,600	32,600
Total ...	374,000	516,200

The imports have thus increased 38 per cent. in ten years! I submit that in respect of such a prime necessary of life as salt—especially when we have plenty of it within the four corners of this country—we ought not to be forced to depend on foreign supplies to a steadily-increasing extent!

The third measure of relief which I would respectfully urge upon the attention of Government is a lowering of the land-revenue demand, especially in the North-West Provinces, Bombay, and Madras. The most noticeable feature of this branch of revenue is its large and almost continuous increase. In 1890-91, it stood at 24·04 crores. Its rise since then may be seen from the following figures :—

1890-91	...	24·04 crores.
1893-94	...	24·58 ,,
1895-96	...	26·20 ,,
1898-99	...	27·46 ,,
1901-02	...	27·432 ,,
1903-04 (Revised)	...	28·89 ,,
1904-05 (Budget)	...	29·38 ,,

An increase of over 22 per cent. in fourteen years. On the other hand, the figures of cropped acreage are :—

1890-91	...	194·41 millions of acres.
1893-94	...	197·38 ,, ,,
1895-96	...	188·92 ,, ,,
1898-99	...	196·48 ,, ,,
1900-01	...	198·31 ,, ,,

Or an increase of just 2 per cent. in eleven years! Coming to the three Provinces that I have specially mentioned, we have the following interesting figures :—

North-Western Provinces.

Year.	Ordinary land-revenue.	Cropped area.
1886-87 ...	580·7 lakhs.	33·92 million acres.
1902-03 ...	636 ,,	34·61 ,, ,,

Or an increase of nearly 10 per cent. in revenue on a practically stationary cropped acreage.

Madras.

Year.	Land-revenue.	Cropped area.
1886-87 ...	460·5 lakhs.	23·01 million acres.
1902-03 ...	582·5 ,,	24·50 ,, ,,

Or an increase of nearly 25 per cent. in revenue with an increase of only $6\frac{1}{2}$ per cent. in the cropped acreage.

Bombay.

Year.	Land-revenue.	Cropped area.
1886-87 ...	270 lakhs.	24·2 millions.
1894-95 ...	289 ,,	24·5 ,,
1900-01 ...	298·2 ,,	21 ,,

Or an increase of 13 per cent. in revenue with hardly any increase in the cropped area, which shows some fluctuations owing to the prevalence of famine during the closing years of the last century.

My Lord, agriculture is the only surviving economic stand-by of the mass of the people, and yet no industry in the country is in deeper distress. The soil, under a system of generally unmanured cultivation, is undergoing steady exhaustion. The yield of crop per acre is falling—being now little more than 9 or 10 bushels as against 20 to 35 bushels in western countries with far less favourable agricultural conditions. And the raiyat in most parts is a poor, struggling cultivator, with his resources all but exhausted, and himself more or less involved in debt. In these circumstances, the increases of land-revenue—especially in the Provinces referred to above—are large, and weigh with undue pressure on the land. And I submit that the question of granting relief to the hard-pressed cultivators by the lowering of the assessment is one which, in the present prosperous condition of the country's exchequer, deserves favourable consideration at the hands of Government. While on this subject, I beg to acknowledge with pleasure and gratitude the liberal action of the Bombay Government in granting considerable reductions of assessment in the Guzerat districts. These reductions amount to 5·30 lakhs on an aggregate assessment of 85 lakhs—or over 6 per cent. Strangely enough, however, the Government have declined to concede any such relief to the Dekkhan raiyats, and yet the case of the Dekkhan is the most urgent. The Dekkhan is an arid upland with a poor soil and a precarious rainfall, and yet pays an aggregate assessment of 120 lakhs on a cropped acreage of

11 millions of acres. The MacDonnell Commission have expressed the opinion that it is not only a full assessment, but weighs harder on the Dekkhan peasantry than elsewhere on account of scanty crop-yield, and is one of the causes of agricultural indebtedness. Besides, during the calamitous decade ending with 1901, this tract suffered as no other did throughout the country. The population declined from 62·1 lakhs to 59·4 lakhs; the cropped area fell off, and the crop-losses amounted to over 50 crores of rupees. The cattle loss was over 42 per cent. and there was an alarming increase of agricultural debts. Altogether there was in these districts a degree of agricultural deterioration and economic exhaustion such as had not been witnessed in any part of the country during the last century. And yet so far the only reductions which the Bombay Government have announced amount to a trifle over Rs. 3,000!

My Lord, in explaining an increase of half a million sterling under excise-revenue in the revised estimates for the closing year, the Hon'ble Member says:—'Increase of revenue is undoubtedly in great measure due to improved administration and greater attention to improvement in the condition of the people,' which is the Hon'ble Member's paraphrase of the expression 'increased consumption.' And he proceeds to observe:—

> Satisfactory as this is from one point of view—a growth of revenue, we could not regard with satisfaction any increase which might possibly be attributed to increased consumption of alcohol in excess of the legitimate requirements of those classes among the population to whom, from long habit and custom, alcohol in moderation is a virtual necessity. There is no desire on the part of the Government of India to increase revenue by encouraging indulgence in alcohol. It is a matter in which we feel our full responsibility, which undoubtedly requires constant, careful watching, and to which at the present moment we are devoting special attention in the interests of temperance and morality.

This declaration of the Hon'ble Member will be welcomed with sincere satisfaction throughout the country. The revenue under Excise shows an alarming growth during the last twenty years, having risen from 3·63 crores in 1882-83 to 6·64 crores in 1902-03, an increase of 82

per cent., or taking the year 1903-04 to 7·4 crores, *i.e.*, an increase of over 100 per cent. in 20 years. The increase in population during the period has been only 15 per cent. Part of the increase in the revenue has no doubt been due to enhancements of excise-duties and to stricter preventive measures. But a large part has been owing, as admitted by the Finance Member himself, to increased consumption. The import of liquors too has increased during the time by over 35 per cent., having risen from 4·12 million gallons to 5·57 millions. All things considered, there is the clearest evidence to show that the curse of drink is on the increase, especially among the lower classes and the wild aboriginal tribes, spreading ruin and misery among them. As appears from the Material and Moral Progress Report for 1901-02, in Bengal the consumption of country spirits in distillery areas shows an expansion of 55 per cent., having advanced from 3·9 lakhs of gallons to over 6·1 lakhs during the decade 1891-92 to 1901-02. So, too, in the United Provinces of Agra and Oudh, the reported consumption of country spirits was 24 per cent. higher. No accurate statistics are forthcoming on this point, but the fact of an expanding consumption is undoubted, and it behoves the authorities anxiously to consider whether more effective measures could not be devised than at present with a view to checking the spread of consumption of these intoxicants among the poorer classes. It is true that some reduction has been effected in the number of shops, but in this matter as much depends upon the sites of these shops as on their number—perhaps more. Were shops to be set down opposite schools, colleges, places of worship, hospitals, etc., as the Hon'ble Mr. Woodroffe said the other day in the Bengal Legislative Council they were in Calcutta itself, it would be of little avail to reduce merely their total number. Local option is the only remedy for an evil such as this. In the Material and Moral Progress Report to which I have already referred, we are told that definite orders have been passed in accordance with the principle formulated by the Government of India in 1890 to the effect that before any new site is fixed for the establishment of a shop, reference shall be made to local opinion and that any

reasonable objection shall be entertained. The instruction here described as authoritatively laid down is as it should be; but it is open to question how far it is acted on in practice. Instances can be cited of shops, in reference to the location of which no deference whatever has been shown to local opinion or sentiment. Further, the existing arrangements of the excise administration leave much to be desired. The 'minimum guarantee' in Bombay, the general auctioning of licenses to keep stills in out-still areas and even the central distillery system, with its varying arrangements for the manufacture of spirits—these are some of the features of the existing administration which require close and careful investigation. The whole subject calls for a fresh examination and it behoves Government to institute a searching inquiry. Education would be an effective remedy, but its operation is bound to be slow. I think legislative effect should be given to the direction as to local option.

My Lord, among the important topics of a general character, on which this year's Financial Statement offers some interesting observations, is the subject of India's balance of trade. The Hon'ble Member states at the outset that he has been much surprised to learn that 'there are considerable misapprehensions abroad on the question of the balance of trade.' And, after examining certain figures for the three years from 1900-01 to 1902-03, the Hon'ble Member records his conclusion that the figures 'entirely dispose of the erroneous assumption that India is paying for more than she receives under the three heads of imported goods, imported investment securities, and payment abroad of budgeted Government sterling charges.' His argument is briefly this: during the three years under consideration, the excess value of exports over imports was £47·58 millions sterling. From this total must be deducted £1·45 millions being the value of rupee paper transferred to India during the period; while we must add to it a sum of £2·14 millions, representing the value of stores, arms, munitions and animals, supplied to the Home Government in connection with their requirements in South Africa and China. This gives us a net

excess of exports in three years of £48·27 millions. Now, says the Hon'ble Member, this is pratically the amount of the Secretary of State's drawings during the three years. And thus the excess of the country's exports over its imports is no more than the amount of the Home charges, which means that the Home charges really represent *all* that India pays annually over and above what she has to pay in return for her imports. My Lord, I confess I was startled to read this paragraph, and I asked myself: 'If the Hon'ble Member is right, what becomes of the profits which English merchants annually earn in India; what becomes of the freight the English Companies earn; what becomes of the savings of English lawyers, English doctors, English Civil and Military servants of the Crown? Does nothing really go out of India for all these?' And then I examined the Hon'ble Member's figures somewhat closely, when I found that he had left out of account two most important items. The excess of exports over imports that he gives is the excess of all our exports over all our imports, including merchandise and treasure and stores, both Government and private. The imports thus include (1) the capital raised annually in England and spent on Indian railways and irrigation works, for which there is no corresponding export, and (2) the Government stores for which provision is made in the Secretary of State's disbursements for current purposes; these stores are worth about 1½ to 2 crores a year, and they represent a value received by India for a corresponding portion of the Home charges, and they are thus different from the rest of the Home charges. Our real imports, therefore, *i.e.*, those which we receive in exchange for our exports, are less than our nominal or total imports by the amount of the capital which is raised by the State and by Companies in England every year and spent on Indian railways and irrigation works. And, secondly, the net loss to the country under Home charges is represented, not by the whole of the Secretary of State's drawings, but by a sum which is equal to those drawings *minus* the value of the stores for which provision is made in his current disbursements. The amount raised in England during the three years under consideration and spent on public work

in India was, I believe, about 16 millions sterling. This figure must, therefore, be deducted from our total imports to get at the imports which we received in exchange for our exports. We thus have during the three years an excess of 64 millions and not 48 millions of our exports over our real imports. As against this we have to set, not the whole of the Secretary of State's budgeted drawings, which have been stated to be 49 millions sterling, but these drawings *minus* the value of the stores included in them, which was over three millions. We thus see that while the Secretary of State's drawings for his own purposes would have been satisfied by an excess of about 46 millions sterling of our exports over imports, the actual excess was about 64 millions sterling or about 18 millions more in three years. I think, therefore, that we may well assume that this sum of 18 millions represents the amount which India paid more than she received during the three years under the three heads of 'imported goods, imported investment securities, and payment abroad of budgeted Government sterling charges.' Moreover, this figure does not take into account the capital imported into India by private individuals or Companies for minor industrial undertakings.

My Lord, a most striking feature of this year's budget is the great increase that has taken place in the military expenditure of the country. The Finance Member himself is almost outspoken in the expression of his regret on the subject. The Budget Estimate for 1904–05 exceeds all previous record—the charge budgeted for coming to no less than 28·6 crores. The following figures show how steady and continuous has been the rise in our military expenditure during the last twenty years:—

Year.		Military expenditure in crores of rupees.
1884-85	... ...	16·96
1887-88	... ...	20·41
1890-91	... ...	20·69
1894-95	... ...	24·09
1902-03	... ...	25·91
1903-04	(Revised) ...	26·78
1904-05	(Budget) ...	28·66

or an increase of nearly 70 per cent. in twenty years as against an increase of about 44 per cent.—from 51 crores to 73 crores—in the receipts under the principal heads of revenue. The Hon'ble Sir Edmond Elles gives in his statement what he will forgive me for calling a curious table, compiled to show that, whatever may be the actual figure of military expenditure, it is not only not rising relatively to the total revenue of the country, but that as a matter of fact there is a notable decline in the percentage of revenue spent on the army. The Hon'ble Member takes two periods of four years each, one from 1896-97 to 1899-1900 and the other from 1900-01 to 1903-04 and he seeks to prove that while during the former period the net military expenditure of the country was 24·7 per cent. of the total revenue, during the latter period it has been only 21 per cent. The Hon'ble Member's method of instituting comparisons is, however, open to most serious objection. His first period is a period of famines and frontier wars, so that while the revenue during that time is not at its normal level, the military expenditure is at an abnormally high level, and thus he gets a higher percentage for purposes of his comparison. The second period, on the other hand, is a period during which the revenue is above the normal owing to specially good seasons, and the military expenditure is below the normal owing to a part of the troops being engaged in South Africa and China. Now this is bad enough, but worse than this is the fact that while he takes on the one hand only net military expenditure, he takes on the other the gross revenue of the country. Now, as we all know, the figures of gross revenue are altogether useless for purposes of a fair comparison; for they include large receipts under commercial services—*i.e.*, railways, irrigation works, post and telegraph—which are balanced by corresponding entries on the expenditure side and which, therefore, only go to swell the total figures of gross revenue without making any real addition to the resources available for administrative purposes. Moreover, railway receipts have been of late years going up by leaps and bounds. Of course the entries under railways on the other side have also been correspondingly increasing, but

if you take into consideration only the figures of gross revenue, you get an altogether erroneous idea of the growth of the real revenue of the country. For purposes of a useful comparison, therefore, the only proper method is to take the figures either of net revenue or of the total receipts under what are known as the principal heads of revenue. Taking the latter set of figures, which are more favourable to the Hon'ble Member's point of view than the former, we find that the net military expenditure is about 36 per cent. of the revenue under the principal heads, and that this percentage has practically continued steady at that figure except during the years when the Indian exchequer secured some relief by lending a portion of the Indian troops for service in South Africa and China. The question of these percentages however is, comparatively speaking, of less importance than the question whether there is ever to be a limit to the growth of these military burdens. My Lord, the question of military expenditure is really one of policy, and in the shaping of that policy the people of this country have no voice. But may we not ask, as I asked in my budget speech of last year, that Government should adopt a policy of a little more trust in this matter! For, while things continue as they are—with our Army maintained on a war-footing in times of peace, with no national militia of any kind and the people of the country altogether shut out from the privilege of citizen soldiership—there is no prospect that the heavy sacrifices demanded at present of the country will ever grow less heavy. My Lord, His Excellency the Commander-in-Chief addressed the other day a powerful appeal to Englishmen in India to come forward and enrol themselves as volunteers from a sense of public duty. May not the Government consider the desirability of permitting—aye, inviting—carefully selected classes from among the children of the soil to share in the responsibilities of national defence? Both sentimental and financial considerations demand the adoption of a policy of this kind; and unless this is done, the growing military expenditure of the country will in course of time absorb all available resources and cast its blighting shadow over the whole field of Indian administration.

My Lord, these were some of the observations that suggested themselves to me when I read the Financial Statement which my Hon'ble friend has presented to the Council this year. I have said nothing to-day about some of the more important branches of civil expenditure, because we seem to be on the eve of great changes which will affect and practically reconstruct the entire basis of the civil expenditure of the country. An administration, in many respects the most strenuous, as it undoubtedly has been the most eventful, of any that the country has known for many years past has formulated these changes after a prolonged inquiry, and the country is waiting to see how they work in practice when they are introduced. The advance that has been made this year in the matter of Provincial finance, the undertaking of a comprehensive programme of irrigation works that is expected as a result of the Irrigation Commission's labours, an improved Police Service, increased expenditure on education in all its branches, the institution of State scholarships for industrial education abroad, the establishment of an Agricultural College at Pusa, the encouragement of Co-operative Credit Societies—these and other measures will require a large outlay of public money, if they are not to disappoint the expectations that have been formed of them in the public mind. It will be some time before we are in a position to watch the actual operation of these measures and to see how far the increased expenditure necessitated by them has been justified. Meanwhile, my own frame of mind in regard to them is, I confess, one of great hope. I feel that, if they are carried out in the spirit in which they ought to be carried out, they will prove a source of no small benefit to the country. If this hope is realised, the increase in public expenditure which these measures must involve, will not only not be grudged, but will be regarded with feelings of sincere satisfaction and gratitude all over the country.

BUDGET SPEECH, 1905.

[*At a meeting of the Imperial Legislative Council, held on Wednesday the 29th March, 1905, His Excellency Lord Curzon presiding, the Hon'ble Mr. G. K. Gokhale made the following speech on the Financial Statement for 1905-06 presented by the Hon. Mr. E. N. Baker*:—]

My Lord, it is with sincere pleasure that I offer my warm congratulations to the Hon'ble Mr. Baker on the Financial Statement, which he has laid before the Council. The Statement is remarkable alike for its grasp of principle and its mastery of detail, and for lucidity of exposition it will take rank with the best statements that have ever been presented to this Council. Indian finance is at present passing through a new phase, and judging from the statement before us, we may well anticipate the Hon'ble Member's tenure of office as Finance Minister will be an eventful one. My Lord, there is but one feeling throughout the country—and it is a feeling of deep and unalloyed satisfaction—as to the manner in which the Government of India have decided to apply about $3\frac{3}{4}$ crores of the excess of their revenue over expenditure to measures of remission of taxation, administrative improvement, and the general well-being of the people. I heartily welcome the further reduction of the salt duty by eight annas a maund. The duty now stands, as the Hon'ble Member rightly claims, at a lower rate than it has ever done during the last quarter of a century. In urging this measure of relief last year, I had ventured to observe:—

> The salt duty was reduced by eight annas last year, and the measure of relief was received with deep gratitude throughout the country. The reduction might, however, be carried still further without any inconvenience. The salt-duty question in India is essentially a poor man's question; for it is the poorer many—and not the richer few—who eat more salt when it is cheap, and less when it is dear. The soundest policy in the matter—even financially—would, therefore, seem to be to raise an expanding revenue on an expanding consumption under a diminishing scale of duties.

The only reply, which was then vouchsafed to my appeal by our late Finance Minister, Sir Edward Law, was the remark that I was 'one of the multitude who stand at the door of the Treasury and always cry, "give, give!'" I rejoice, therefore, to find that in less than a year the Government have seen their way to effect this reduction, and I am confident that a rapid increase in consumption will follow, wiping out, before long, the loss that has been caused to the Exchequer and demonstrating at the same time the wisdom of the course adopted by Government. Two years ago, when the duty was lowered from Rs. 2-8 to Rs. 2 a maund, fears were expressed in certain quarters that the benefit of the reduction might not, after all, reach the poorer classes, being intercepted on the way by small traders. Many of us thought at the time that the fears were quite groundless, and I am glad to see that they have been most effectively disposed of by the remarkable increase in consumption that has since taken place. That there is still a very large margin for increased consumption is evidenced by the fact that in Burma, where the duty is only one rupee a maund, the average consumption of salt is 17 lbs. per head, as against about 10 lbs. in India proper, where the duty has been Rs. 2 a maund for the last two years and Rs. 2-8 before that. Even with the present reduction, the impost amounts to about 1,600 per cent. of the cost price, as it takes only about an anna and a half to manufacture a maund of salt, and it is clear that this is a very heavy tax on a prime necessary of life, which, as Professor Fawcett once said, should really be 'as free as the air we breathe and the water we drink.' And I earnestly trust that the Government will take another opportunity to carry this relief still further, especially as a low salt duty means a valuable financial reserve at the disposal of Government, and there is now no doubt that the relief accorded directly benefits the poorest classes of the community. The abolition of famine cesses will be hailed with satisfaction by the provinces concerned, and it redresses one of the anomalies of the Famine Insurance Grant. The raising of the weight which the Post Office carries for half an anna from one-half to three-fourths of a tola will be widely appreciated, and the definite declaration of policy, with which

this concession is accompanied, *viz.*, that it is not the desire of Government to treat the Post Office as a source of revenue, practically ensures that all excess of receipts over expenditure will in future be devoted to the further improvement or cheapening of postal facilities. Now that the letter-weight carried for half an anna is exactly half of what is carried for one anna, I hope a half-anna stamp will be made the unit for weights exceeding 1½ tolas instead of the one-anna stamp. The allotment of a sum of 50 lakhs to Police reform to improve and strengthen the lower grades of the service is a welcome measure of far-reaching importance and is unaffected by whatever differences of opinion there might exist about the recruitment of the higher grades. The addition of a rupee to a constable's salary may not make in individual cases any difference as regards his honesty or efficiency, but taken in the mass, the increment is bound to be reflected in an improved standard of work, and in any case the measure is a long-deferred beginning of an absolutely necessary reform. The grant of 35 lakhs to Provincial Governments for additional expenditure on Primary Education is also an important step in the right direction, the field of mass education being one in which what has been already done is but little, as has been admitted by the Government of India in their Resolution of last year on the subject, compared with what remains to be done. The grant of 20 lakhs for agricultural research, experiment and instruction, and the announcement that the ultimate aim of Government in this matter is 'the establishment of an experimental farm in each large tract of country, of which the agricultural conditions are approximately homogeneous, to be supplemented by numerous demonstration farms, the creation of an agricultural college teaching up to a three years' course in each of the larger provinces and the provision of an expert staff in connection with these colleges for purposes of research as well as education,' indicate that the Government at last have made up their mind to recognise in a practical manner the supreme importance of scientific agriculture in this land. Twenty lakhs a year for such a purpose for the whole of India is of course totally

inadequate, but it is a good beginning, and the Government have undertaken to find steadily increasing funds till the whole programme is properly carried out. The last measure, to which a part of the surplus is proposed to be devoted, is a grant-in-aid of the funds of District and Local Boards throughout India, amounting in all to about 56½ lakhs a year and equal approximately to one-fourth of the income of these Boards. This, to my mind, is one of the most interesting features of this year's Budget, and it is a feature on which I offer my heartiest congratulations to the Hon'ble Member. It means a frank acknowledgment of the claim of Local Bodies to participate in the financial prosperity of the Government of India and a recognition of the fact that without the aid of Government the resources of these bodies are utterly unequal to the proper discharge of the various duties laid on them. The last National Congress, which met in Bombay, had urged such assistance to Municipal and Local Boards, and I rejoice to find that Government have responded, at least partially, to the appeal. Successive visitations of famine and plague have in many places so far crippled the finances of these Boards that they have had the greatest difficulty in averting a complete breakdown, and it was a serious reproach to existing arrangements that, while there was such a plethora of money in the Government of India's Treasury, and even Provincial Governments were not able to exhaust all the grants made to them, these Local Bodies, whose work concerns the health and comfort of the public far more intimately than that of either the Supreme or the Provincial Governments, should continue year after year in a state almost verging on bankruptcy and should be unable to discharge satisfactorily even their most elementary duties! Government have now come forward to assist in a liberal spirit the District and Local Boards and the assistance will evoke the sincere gratitude of these Boards. Municipal Bodies have for the present been left out in the cold, but the principle of admitting Local Bodies to a share in the financial prosperity of Government having once been accepted, I venture to think that assistance, similar to what has now been offered to District and Local Boards, cannot

reasonably be withheld from Municipalities, whose difficulties are not less serious and whose duties are even more onerous than those of the Boards.

My Lord, the revised estimates for the current year shew a surplus of 5¼ crores. This surplus has been obtained after making a special grant of one crore to the Governments of Bombay and the Punjab. So the real surplus for 1904-05 must be set down at 6¼ crores. This is the seventh successive year, in which such a large surplus has been realised by the Government of India, and though advantage has been taken of it to remit taxation to the extent of about two crores of rupees and to apply about 1¾ crores to most excellent objects, the whole financial position is still so extraordinary that it calls for a brief review. The surpluses realised by the Government of India during the last seven years amount in all to about 32½ crores of rupees, and they don't include the special grants made to the various Provincial Governments and Administrations from time to time. In addition to this, a sum of about 12½ crores has been earned by the Government of India during the last five years, as profit on the coinage of rupees, owing to the difference between the bullion value of silver and the token value of the rupee, and it has been set apart to form a Gold Reserve Fund. This gives us a clear excess of 42 crores of revenue over expenditure during the last seven years. Moreover, during this period, extraordinary charges, amounting to about 16 crores, for famine relief and for military purposes, have been met out of revenue. Further, about 2 crores have been spent out of revenue on Railways and Irrigation Works under Famine Insurance, under which head also a sum of 3¾ crores has been devoted to the reduction or avoidance of debt. Even if we leave out of account the extraordinary charges met out of revenue and the sum spent on Railways and Irrigation under Famine Insurance, as money already spent, we still have a total of about 49 crores of rupees to represent the excess amount taken by Government from the people in seven years over and above the requirements of the administration. Twelve and a half crores out of this has

been set aside, as has been already mentioned, to form a Gold Reserve Fund, and the remaining, about 36½ crores, has been devoted to the repayment or avoidance of debt, as may be seen from the fact that during this period Government have discharged £ 5,000,000 net of temporary debt, and have spent 48½ millions on Railways and Irrigation Works, though they have borrowed only 21¾ millions, the difference being found from Cash Balances, of which the surpluses form a part. Moreover, as an inevitable result of such plethora of money at the disposal of Government, public expenditure has increased in all directions—and notably under Army Services—on an unprecedented scale. The following figures for the last four years show at a glance how rapid has been the growth of public burdens and what is the position that has now been reached. In these figures, I have taken the revenue under Post, Telegraphs, Railways and Irrigation net. This, I submit, is the only way of presenting a correct idea of our revenue and expenditure, as the receipts under these heads are for services rendered and are balanced on the other side by corresponding expenses which virtually absorb the receipts. Unless, therefore, we take these figures net, we get an altogether erroneous idea of our real revenue and expenditure. I have also taken the revenue under Mint net because, for the present, at all events, the profit earned has to go to the Gold Reserve Fund and is therefore not available for general purposes.

Revenue and Expenditure for four years 1901-02—1904-05.

(In millions sterling.)

	1901-02.	1902-03.	1903-04.	1904-05 (Revised).
Revenue ...	51·91	52·27	55·27	57·59
Expenditure ...	46·96	49·21	52·28	54·11
Surplus	4·95	3·06	2·99	3·48

Coming to particular heads of expenditure, we find that the charge under Interest has actually gone down owing to a reduction of the ordinary debt. And the expenditure under Miscellaneous Civil Charges, as also under Famine Relief and Insurance, has remained virtually

stationary. Under the remaining heads, there has been a large and steady increase, as may be seen from the following figures:—

	(In millions sterling.) 1901-02.	1902-03.	1903-04.	1904-05. (Revised).	Increase.
Collection charges under Principal Heads of Revenue.	6·19	6·35	7·16	7·17	nearly 1 million.
Salaries and expenses of Civil Departments ...	11·15	11·69	11·98	12·35	1·2 „
Civil Works ...	3·67	4·15	4·60	4·82	1·15 „
Army Services, including Military Works & Special Defence Works . .	16·73	18·44	18·93	21·45	4·72 „

I have taken 1901-02 as starting year for the comparison, because 1900-01 was a famine year, and before that, Government could not have felt sure of a large annual surplus. It will be seen that our expenditure has grown in four years by more than 7 millions sterling or about $10\frac{3}{4}$ crores, and of this the Army Services have absorbed quite two-thirds, *i.e.*, $4\frac{3}{4}$ millions or over 7 crores. Again, while the revenue under the principal heads has risen during this period from £ 46·60 millions to £ 50·38 millions or slightly over 8 per cent., the charges of collecting it have grown from £ 6·19 millions to £ 7·17 millions or by about 16 per cent.

Thus after allowing the expenditure to increase in all directions on an unprecedented scale, after making large special grants to Provincial Governments from time to time, after spending nearly 16 crores out of current revenues for non-recurring charges, and after laying by about $12\frac{1}{2}$ crores for purposes of the Gold Reserve Fund, the Government have still been able to devote a sum of about $36\frac{1}{2}$ crores in seven years, or a little over 5 crores a year on an average, to the reduction or avoidance of debt! I submit, my Lord, that such a system of finance is unsound in theory and indefensible in practice, for it involves grievous injustice to the present generation. I

can understand the Government always insisting on a moderate working surplus in framing their Budget Estimates and providing for the year's recurring charges out of the year's revenues. This was what they have uniformly done—even during the worst days of the exchange difficulty. But having done that, I venture to think they have no right to maintain taxation at a higher level than is necessary or to devote the resulting surpluses to the reduction of debt, as they have been doing. In all countries, it is an accepted canon of finance that the weight of public burdens should be kept as light as possible, and that the scheme of taxation should be so fixed and adjusted as to meet, but no more than meet, public requirements under normal conditions. If this is so in rich European countries, it should be much more so in India, where the revenue is raised from a poor, helpless population, and the larger part is contributed by a broken and exhausted peasantry, and where, owing to the special circumstances of the case, the character of public expenditure is such that a great portion of it has to be spent on objects unconnected or but remotely connected with the moral and material advancement of the people. Moreover, the ordinary debt of India—as distinct from the public works debt, which is fully covered by valuable assets—is not large, and there is no justification for being in such a hurry to reduce it. The utmost that the Government might do in the matter is to provide for a small sinking fund, say, about a million sterling a year; but beyond this it is indefensible to go especially as in the absence of a reduction of taxation, there are so many ways all intimately connected with the well-being of the people in which the surplus revenue could be spent.

This brings me to the scheme of Army re-organisation and the provision of 3 crores 66 lakhs that has been made for it in the next year's Budget. The scheme is one of vast magnitude, and it is claimed that it will be of lasting benefit. No lay criticism of its technical aspects can, of course, be of any value, though even laymen cannot help noting that expert opinion is not quite unanimous in regard to it. Thus

we find Colonel St. J. M. Fancourt, C.B., writing to the *Madras Mail* to urge that enlarged camps of exercise will serve the purpose as well as the proposed concentration camps and will be much less costly and will offer fewer administrative difficulties; that the training under the climatic conditions of the country, especially the summer heat, cannot be carried on the whole year round, which reduces the value of a permanent location of troops in large concentration camps, and that for the annual seasons of drill, troops can be moved and massed wherever desirable, the expanding Railway system affording increasing facilities for such movements. Laymen also cannot help thinking that in the very nature of things, there can be no finality in such plans of distribution of armed forces. The period is a period of mighty changes and the world's affairs are passing through a new phase. The rise of Japan as one of the first Powers in the world is a new factor in international politics and of vast significance. New and unexpected combinations may arise, and the danger-zones and danger-points may not remain as they at present are —for ever and ever. However, the towering personality of His Excellency the Commander-in-Chief must silence all objections to the scheme of which he is the author, and the required money—15 crores of rupees—has to be found to carry it out. The Government have announced their intention to meet the whole charge from current revenues, and they have already provided in the next year's Budget a sum of 3 crores 66 lakhs for the purpose as a first instalment, committing themselves at the same time to devote similarly 3 crores every year till the whole programme is completed. My Lord, I beg leave to protest most earnestly against this decision of the Government of India. The charge is heavy and non-recurrent and, on the analogy of English and Continental practice in similar cases, ought to be met out of loan funds. It is most unjust to the tax-payers to provide for it out of current revenues by yearly allotments and thus keep up the high level of taxation for an indefinite period. In other countries such charges are, as a rule, met out of borrowed money. In England, just at this moment, there are the Naval and Military Works Bills before the House of

Commons, under which it is proposed to carry out these works out of loans. And in defending such action, the Chancellor of the Exchequer pointed out the other day—on the 1st instant—that, 'if the objects for which those measures provided were paid out of the estimates, there would be a disturbance of our system of taxation.' My Lord, it is true that the people of India have no constitutional power, as the people in England have, to control or in other ways influence the administration of their finances by Government. But for that very reason, a solemn responsibility rests on the Government here not to ignore considerations that are accepted as conclusive in England. The present decision of Government, so unjust to the tax-payers, leaves room for legitimate complaint, especially when it is remembered that we have devoted no less a sum than 36½ crores of rupees out of current revenues towards the reductions of debt during the last seven years, and that an addition of fifteen crores will still leave it 21 crores lower than it was in 1898.

My Lord, I have already referred briefly to the alarming growth that has taken place in the military expenditure of the country in recent years. The military problem is the most dominant factor in the general position of the country's finances, overshadowing every other. National safety is, of course, the first and most paramount consideration in a country's administration. But no people can bear indefinite and ever-increasing burdens—practically without limit, and absorbing the greater part of every financial improvement—even in the name of such safety. I have on previous occasions spoken more than once on this subject at some length in this Council, and I do not, therefore, propose to say much to-day. Last year the Hon'ble Sir Edmond Elles, in his reply to some of my observations, told the Council that I had criticised measures about which my knowledge was infinitesimal. The remark was somewhat superfluous, seeing that in my speech I had taken care not to say one word about any technical matters. The Hon'ble Member then went on to cite the instance of Japan and ask what would have been her fate, if her future had been guided by statesmen

holding the views of my Hon'ble friend Mr. Sri Ram and myself. I do not think the reference to Japan was quite a tactful thing. For Japan's destinies are guided by her own sons, whose one thought and aspiration is the greater glory of their country, and who further by every means in their power the moral and material advancement of their people. Is the Hon'ble Member prepared to adopt Japan as a model for all branches of the country's administration? If so, let him induce his colleagues in the Government to treat the people of India as the Japanese Government treats the people of Japan in matters of education, of industrial development, of military and naval service, of appointment to high and responsible office, and I, on my part, humble as I am, undertake to see that no Indian publicist raises any objection to such military expenditure as the Hon'ble Member thinks it necessary to incur. My Lord, on technical aspects of military questions, the opinion of laymen is of course of but little value. But as the *Englishman* pointed out the other day:—

> There is a stage when considerations of military defence emerge out of the plane which has always been tacitly reserved for professional soldiers. . . . The larger problems involving the expenditure of large sums of money and the dispositions of troops in relation to possible enemies are clearly not to be decided on the fiat of military men. These matters affect the State as a whole, and, as such, must be looked at from the civil as well as the military point of view.

Our military expenditure has nearly doubled itself during the last twenty years, having risen from 17·9 crores in 1884–85 to 32·6 crores in 1905–06. It now exceeds the entire land-revenue of the country and no one can say where it will stop, or if it will stop any where at all. It is now said that India is the strategic frontier of the British Empire. If so, the defence of such frontiers is clearly an Imperial responsibility, and India ought to be relieved of part of her present military burdens. For the last twenty years, the fears of a Russian invasion have dominated the situation and dictated the scale of our military expenditure. Russia now lies prostrate and bleeding—her prestige shattered beyond hope, and a standing menace to the peace of Asia gone. May we not now hope for a little respite in

this piling up of ceaseless military burdens on our shoulders? The limits of military expenditure were thus laid down by Lord Mayo's Government in 1871 :—

We cannot, they wrote, think that it is right to compel the people of this country to contribute one farthing more to military expenditure than the safety and defence of the country absolutely demand.

The Army Commission of 1879 thus defined the functions of the Indian Army :—

The purposes for which the Army of India must be maintained may be stated to be—(*a*) preventing and repelling attacks or threatened aggressions from foreign enemies beyond our border; (*b*) making successful armed disturbance or rebellion, whether in British India or in Feudatory States, impossible; and (*c*) watching and over-awing the armies of feudatory Native States.

This conception of India's position and responsibilities, however, is no longer thought to be sufficient. Thus last year the Hon'ble Sir Edmond Elles, after asking the question :

Are we to be content to hide ourselves behind our mountain barriers under the foolish impression that we should be safe, whilst the absorption of Asiatic kingdoms is steadily in progress?

observed as follows :—

It is, I think, undoubted that the Indian Army in the future must be a main factor in the maintenance of the balance of power in Asia; it is impossible to regard it any longer as a local militia for purely local defence and maintenance of order.

And Your Lordship, referring to the same point, said :—

I spoke last year about the increasing range of our responsibilities in Asia; and a good deal has happened in the interim to point those remarks. My own view of India's position is this: She is like a fortress with the vast moat of the sea on two of her faces and with mountains for her walls on the remainder. But beyond those walls, which are sometimes of by no means insuperable height and admit of being easily penetrated, extends glacis of varying breadth and dimensions. We do not want to occupy it, but we also cannot afford to see it occupied by our foes. We are quite content to let it remain in the hands of our allies and friends; but, if rival and unfriendly influences creep up to it and lodge themselves right under our walls, we are compelled to intervene because

a danger would thereby grow up that might one day menace our security. This is the secret of the whole position in Arabia, Persia, Afghanistan, Tibet, and as far eastwards as Siam . . . . And the whole of our policy during the past five years has been directed towards maintaining our predominant influence and to preventing the expansion of hostile agencies on this area which I have described.

This new and Imperial definition of India's position and responsibilities is bound to stagger the people of this country, for it means that India's resources are to be unhesitatingly used for engaging in a race with European Powers to absorb Asiatic Kingdoms! Now, apart from the ethics of such absorption, I submit that, if England's dominion in the East must be thus extended in all directions on the mere suspicion that a rival is creeping up towards the frontiers of India, the Imperial Government in England and not the poor people of India ought to find the money for the purpose. The maintenance of the balance of power in Asia is a matter of Imperial concern; and for the Government of India to accept that responsibility is to impose upon this country a military duty and a financial obligation to which she is utterly unequal and which, moreover, it is unjust to throw on her.

My Lord, I have complained above of the system of finance that has been maintained in this country for the last seven years. That complaint, however, must not be understood to apply to the present Financial Statement, which indeed has to a large extent broken from the old tradition and taken an important step forward in the right direction. With the single exception of the provision made out of current revenues for Army reorganisation, the budgetary dispositions appear to me to be both liberal and statesmanlike. Further, speaking for Bombay, I gladly acknowledge the liberal character of the new Provincial Settlement. I rejoice also that the Hon'ble Member has put an end to the era of systematic under-estimating of revenue and over-estimating of expenditure. More than once had I complained of this practice in this Council as unfairly prejudicing the chances of the tax-payer in the matter of remission of taxation. Last year, for instance, I had said:—

In the twelve years of storm and stress (*i.e.*, from 1885-1896) it was perhaps necessary for the Finance Minister to act on the safe, if somewhat over-cautious, plan of under-estimating the revenue and over-estimating the expenditure. But though the difficulties of the position have passed away, the tradition, once established, still holds the field.

And this only drew on me a sharp remonstrance from Sir Edward Law. It was, therefore, with a certain amount of legitimate satisfaction that I found the Hon'ble Member virtually admitting the correctness of my contention and admitting it very nearly in my own words:

So long, as all growth of revenue and the fruits of all retrenchment were liable to be swallowed up by a fall in exchange, it was common prudence to frame the estimates in the most cautious manner, and to take no credit for developments of revenues until they were absolutely assured. When this factor was eliminated, the traditions of excessive caution remained and due allowance was not always made in the estimates for the normal expansion of the growing heads of revenue.

My Lord, the financial position of the Government now is one of exceptional strength. Taking the Budget Estimates for next year, we find that after providing 3 crores 66 lakhs for an extraordinary charge, which ought to be met out of borrowings, we still have a surplus of 1 crore 36 lakhs. This means an excess of 5 crores of revenue over expenditure. Then the profits from coinage have averaged about 2½ crores a year during the last five years and they are bound to increase as trade expands. These profits will be available for general purposes in a year or so, as the Gold Reserve Fund already stands at 8½ millions sterling, and as Your Lordship stated last year, when it reaches 10 millions sterling, it 'will be sufficient for our purpose and will give us a permanent guarantee for stability of exchange.' Then Railway finance has entered on a new phase. After causing a net loss year after year for half a century—from 1849—aggregating in all to sixty crores of rupees, our system of Railways has now commenced to bring in a profit to the State, and there is every reason to believe that this profit will steadily increase. The revenue under Excise and Customs is also showing a large and continuous increase. Leaving all growth of revenue under Railways, as also under Excise,

Customs and other principal heads, to meet the growing requirements of public expenditure, we still have a margin of about 7½ crores a year to devote to purposes intimately connected with the moral and material well-being of the people. And if only military expenditure is prevented from absorbing everything, and a comprehensive and statesmanlike view taken of the duties of the State and of the exceptional opportunities which the present position of the finances affords to Government, a vast deal could be done to improve the condition of the people and thereby also deepen, broaden and strengthen the true foundations of British rule in this land. There is, for instance, the separation of Judicial and Executive functions to be effected—a reform demanded by eminent Anglo-Indians as well as Indians, which Lord Dufferin described as a counsel of perfection and which, he said, could not then be carried out for want of funds. Well, the Government now have funds to carry out the reform many times over, and I respectfully submit it ought to be no longer delayed, as the sense of oppression and discontent to which it gives rise is infinitely more serious than any administrative convenience which may result from it. Then there is the extension of education in all its branches—a matter of the greatest importance to the country's progress. But it is not of these that I desire to speak to-day. The subject that I wish most earnestly to urge upon the attention of the Government is the condition of the agriculturist. My Lord, the Indian agricultural producer is terribly handicapped, and his position is getting harder every day. In the first place, nowhere is the burden of taxes on the land in relation to produce so heavy as in this country, as may be seen from the following figures taken from Mulhall's Dictionary :—

Country.	Percentage of taxes in relation to gross produce.
United Kingdom	8·3
France	4·8
Germany	3·0
Austria Proper...	4·9
Italy	7·0
Belgium	2·8
Holland	2·8

These taxes on land include stamp-duties and local rates and, in France, road-cesses. In India, leaving out of calculation Provincial rates and stamp-duties and, confining ourselves to land-revenue only, what do we find? Taking the figures set forth in the Government Resolution of 1902, which cannot be suspected of being unduly unfavourable to Government, we find that, in *Madras*, the assessment is from 20 per cent., in the Godavari District, to 8 per cent. in Anantapur, of the gross produce, and in most districts it averages over 15 per cent. In *Bombay* the assessment in Gujarat is 20 per cent., and even in the dry and dreary Dekhan, considering the uncertainty of the seasons, it is in no way lighter. In the *United Provinces of Agra and Oudh*, it is one-seventh or one-eighth of the gross produce, *i.e.*, from 12 to 14 per cent. Thus, while elsewhere the total burden on land is well below ten per cent., with us, taking the land-revenue alone, we see that the assessment over most areas is about 15 per cent. and in some portions as high as 20 per cent. of the gross produce—and this according to official estimates. Secondly, everywhere in India, and particularly in the temporarily-settled districts, the utter resourcelessness of the agricultural classes is the most distressing fact of the situation. The cultivator has no capital and has but little credit and is simply unable to make proper use of Nature's wealth that lies at his door, with the result that his cultivation is of the rudest and most exhausting type. The yield of the soil has been steadily diminishing, except in irrigated tracts, being simply 8 to 9 bushels an acre, about the lowest yield in the world. Thirdly, the currency legislation of Government has hit the raiyat very hard, depreciating at once the value of his small savings in silver and increasing steadily, as prices are adjusting themselves to the new rupee, the burden of his assessment and his debts. Fourthly, a succession of bad seasons during the last fifteen years has borne him down with crushing pressure, the McDonnell Commission observing that the past decade in most parts of India has been 'a decade of misfortune and distress.' Lastly, there is his terrible indebtedness, which is admitted by everybody, and which, there is reason to fear, is steadily on the increase.

In such a situation the struggling raiyat toiling ceaselessly without heart and without hope needs every assistance and relief that can possibly be brought to him. But the operations of the Settlement Department are going on apace, and everywhere a fresh revision means a fresh enhancement of the Government demand. Taking Madras, Bombay, Central Provinces, and the United Provinces of Agra and Oudh, together, we find that during the last ten years the land-revenue collections have risen from 14·4 crores in 1893-94 to 15·4 crores in 1903-04—an increase of fully one crore in ten years! And yet all these provinces have suffered during the period from a succession of calamitous seasons. My Lord, the fearful poverty and indebtedness of the agriculturist calls for a great and comprehensive scheme of ameliorative action, and no mere palliatives will be of much avail. A general reduction of the State demand in the temporarily-settled provinces as suggested by Mr. O'Connor, the grant of Permanent Settlement to those provinces together with a bold scheme for the composition of the raiyat's liabilities—nothing less than these measures will really save him from utter and hopeless ruin. The present financial position, with an assured excess of at least 7½ crores of revenue over expenditure, gives Government a great opportunity, which, if allowed to slip now, may never present itself again. A reduction of 20 per cent. in the State demand in the provinces of Madras, Bombay, Central Provinces, and United Provinces will not cost more than 3 crores a year and the amount sacrificed will return to the State tenfold in the increased prosperity and contentment of the people. And a great scheme of composition of debts, similar to the one for buying out the landlords in the Irish Land Purchase Act of last year—when the Imperial Treasury undertook to advance a hundred millions sterling for the purpose—will mean the making of the raiyat again and is the only way in which the problem of agricultural indebtedness can be successfully grappled with.

Another subject which I wish earnestly to bring to the attention of Government is the condition of Municipal bodies in those parts of the country which have

suffered severely from successive visitations of the plague. The finances of some of these bodies have been so completely disorganised that it is with difficulty that they are able to perform their most elementary duties. They still owe large sums to Government for plague loans, though the greater part of these loans have been already remitted by Government, and unless Government come forward again to help them out of their embarrassments, their available margin of income over expenditure must be devoted to the paying off of these debts for several years to come. I have the honour to preside over one of the largest Municipalities in the Bombay Presidency—the Corporation of Poona—a body which has suffered as much as any other from this terrible scourge; and I know from personal experience how we are simply powerless at present to undertake any large works of improvement and what a struggle we have to make merely to keep things going. Our plague debt to-day is about 2½ lakhs of rupees—a sum nearly equal to our annual income—and it will take something like fifteen years to clear it off, which means that for fifteen years our small margin of income over expenditure will not be available to us for any other purpose. From a return very courteously supplied to me by the Finance Member, I find that the amount which the mofussil Municipalities in the Bombay Presidency still owe to Government is about 17 lakhs of rupees. This is over and above 22 lakhs which the Government have already remitted. Moreover, the Municipalities have met out of their own revenues a plague expenditure of about 16 lakhs. It is only fair to mention that for these plague loans the Municipalities are only technically responsible. They represent the excess expenditure incurred by Government in the name of Municipal Bodies in the early years of the plague, when all kinds of drastic measures were adopted to stamp out the disease and Municipal money was spent by plague officers appointed by Government with the most reckless profusion. Now this sum of 17 lakhs, which the Municipalities still owe to Government, is really the merest nothing to the Government, with their crores and crores of surplus revenues; but to these Municipal Bodies it means all the available margin of income over expenditure-

I therefore earnestly suggest that these plague loans should be written off by Government so as to leave Municipalities free to devote their slender resources to urgently needed undertakings. I am willing that in writing off these loans a condition should be imposed on the Municipalities that the amounts written off by Government should be devoted to works of permanent utility. I am sure, my Lord, if only the Finance Minister will adequately realise the extent of our difficulties—difficulties which contrast most painfully with the prosperous condition of the Government of India's Treasury—he will at once recognise the absolute necessity of coming to our relief. In Poona, for instance, we have the plague from four to six months every year. During these months we suffer a heavy loss in octroi and other revenue, and while our receipts thus suffer our expenditure increases because, in addition to our ordinary establishment, we have to maintain a special establishment to deal with the outbreak of plague. My Hon'ble friend Mr. Younghusband, who is Commissioner of the Division to which Poona belongs, and who has always been a most sincere friend of local bodies, will, I am confident, endorse every word of what I have said if he is called upon to express an opinion on this subject. But writing off plague loans is not all the assistance that I ask for our Municipalities at the hands of the Government. I want the Government to go further—much further—and recognise the obligation to make substantial grants in aid of the funds of these bodies for works of permanent improvement, such as drainage and water-supply. My Lord, the persistence with which the plague has been lingering in our midst has drawn pointed attention to the questions of faulty drainage and defective water-supply, and it is recognised that real improvement in the health conditions of the people is impossible, unless these matters are taken seriously in hand. Now it is a Western plan which leaves such works to be executed by local bodies out of their own resources. And though it may work well in Western countries owing to the wealth of their towns, it is utterly unsuited to India, where the unaided resources of local bodies are altogether inadequate for such costly undertakings. Moreover, in view of the

frightful mortality caused by the visitations of plague and the generally high death-rate of Indian towns, it is a clear obligation resting on Government, especially when they have funds necessary for the purpose, to do all that lies in their power to promote the interests of public health, and from this obligation they are not absolved simply because they have handed over certain duties and certain resources to certain Boards. Further, these Boards are not independent bodies. They are subject to a large measure of Government control and they include a considerable proportion of Government nominees. It is only fair therefore that the Government should assist them financially in carrying out projects which are beyond their unaided capacity to undertake. Government give a grant to these Boards in aid of education, and there is no reason why public health should not be placed on the same footing as education. I would therefore suggest that about a million sterling a year should be devoted to assisting Municipal Bodies with grants for drainage and waterworks. I understand that such grants are not unknown in individual instances in Madras and some other Provinces. I think, however, that the construction of such works will be greatly encouraged by the Government adopting an attitude of liberality as a general policy in this respect. The needs of public health require such assistance from Government and financially they are in a position to render it. The principle, moreover, has been accepted this year in the case of District Local Boards. I earnestly trust, therefore, that the suggestion which I have ventured to make will receive favourable consideration at the hands of Government.

My Lord, I have already detained the Council at considerable length, but there is one subject more about which I would like to say a word before I conclude. This time last year, Your Lordship dealt at some length with the question of the wider employment of Indians in the public service, and, shortly after that, a lengthy Resolution was issued by the Government of India on the same subject, reiterating the arguments and conclusions of Your Excellency's speech. Your Lordship, after analysing

the situation, came to the conclusion that not only were the people of this country not justified in complaining of exclusion from high office, but that they were being treated with 'a liberality unexampled in the history of the world.' The Government Resolution of May 24th, 1904, expressed the same opinion in the following words :—

> There has been a progressive increase in the employment of natives and a progressive decline in the employment of Europeans, showing how honestly and faithfully the British Government has fulfilled its pledges and how untrue is the charge which is so often heard of a ban of exclusion against the natives of the country.

In spite of both the speech and the Resolution, however, the public mind remains unconvinced, and certain propositions in the Resolution have even created the unfortunate impression that it is no longer the intention of Government to adhere faithfully to the lines of policy laid down in the matter in the Parliamentary Statute of 1833 and the Proclamation of the Queen-Empress in 1858. The Statute and the Proclamation have respectively pledged the word of the British Parliament and the British Sovereign to the people of India that all offices in the country shall be equally open to all without distinction of race, colour, or creed. The Statute was further interpreted by the Court of Directors as laying down that there was to be no governing caste in India, and that whatever tests of fitness were prescribed, considerations of race or creed were not to be of the number. The Resolution of last year, however, lays down two principles, as governing the situation, which, in the form in which they are stated, are certainly inconsistent with the pledges given in the Statute of 1833 and the Proclamation of 1858. The Resolution says :—

> The general principles which regulate the situation are two in number. The first is that the highest ranks of civil employment in India—those in the Imperial Civil Service, the members of which are entrusted with the responsible task of carrying on the general administration of the country—though open to such Indians as proceed to England and pass the requisite tests, must nevertheless, as a general rule, be held by Englishmen for the reason that they possess partly by heredity, partly by upbringing, and partly by education, knowledge

of the principles of Government, the habits of mind, and the vigour of character, which are essential for the task, and that the rule of India being a British rule and any other rule in the circumstances of the case being impossible, the tone and standard should be set by those who have created and are responsible for it. The second principle is that outside this *Corps d'elite* the Government shall, as far as possible, and as the improving standards of education and morals permit, employ the inhabitants of the country, both because its general policy is to restrict rather than to extend European agency and because it is desirable to enlist the best native intelligence and character in the service of the State. This principle is qualified only by the fact that, in certain departments, where scientific or technical knowledge is required or where there is a call for the exercise of particular responsibility or for the possession of a high standard of physical endurance, it is necessary to maintain a strong admixture and sometimes even a great preponderance of the European element.

The Government of India thus lay down:

(1) That race, so far from being no disqualification, shall constitute in the case of all but a very few a conclusive disqualification for the higher offices of the State; (2) that this disqualification shall last as long as the British rule endures; (3) that in regard to other offices held at present by Europeans, they are so held because Indians qualified by education and morals are not either available, or where they are available, they are unfit for the exercise of 'particular responsibility.'

Now, my Lord, the equal treatment promised in regard to public employment by the Parliamentary Statute and the Queen's Proclamation may be nothing better than a legal fiction in practice, but it is a fiction which we have cherished as embodying an ideal for the future and representing the higher purpose of British rule in this land, and we cannot afford to see it so explicitly repudiated by the Government. Nothing to my mind is calculated to affect more disastrously the attitude of educated Indians—and their number is bound steadily to grow—towards British rule than a belief that under the rule their exclusion from the highest offices of the State is intended to be perpetual. As regards the question of education and morals being involved in our exclusion from most of the offices in the special departments, is it really intended to be conveyed that among the thousands and thousands of educated Indians who are ready to seek

employment under the State, even a few cannot be found possessing the necessary education and moral character or qualified to exercise the required degree of responsibility? I am sure the question has only to be presented in this form to make the injustice of it clear to everybody. Why, my Lord, it is a matter of common knowledge that, in the case of the smaller appointments at all events, it is not the Indian but the European or Eurasian competitor, whose education and morals it would really be desirable sometimes carefully to investigate. However, I do not wish to pursue this argument any further on this occasion. My object to-day is to point out how inaccurate and misleading is the conclusion which the Government of India Resolution has recorded on this subject and which I have already quoted above. The Resolution claims (1) that the pledges given have on the whole been honestly and faithfully carried out, and (2) that there has been a progressive increase in the Indian element and a progressive decline in the European element in the service of the State. Before proceeding to show how unsupported by facts this twofold claim is, I must, in the first place, point out that in the statistical tables which accompany the Resolution the real issue has been obscured by the inclusion therein of posts as low as Rs. 75 a month. When we complain of our exclusion from high office, we do not refer to the lower grades of the Public Service—grades which carry salaries as low as Rs. 75 or 100 or even 200 rupees a month—though in some of the special departments, we are virtually shut out even from such petty appointments. When we make the complaint about exclusion, we refer to offices of trust and responsibility—say above Rs. 500 a month. I have compiled tables for the years 1897 and 1903 from the statistics published by the Government of India to show how we stand in regard to these appointments, and it will be seen from that the twofold claim of the Government of India already referred to is wholly untenable. I do not propose to read out these tables. They will appear as an appendix* to my speech in the report of these proceedings. It will

* *Vide* Appendix C.

be seen from them that they effectively dispose of the contention that we have so far been treated with unexampled liberality. They also show that most of the new posts, created between 1897 and 1903, have gone to either Europeans or Eurasians, which element certainly shows no signs of declining, the Indian element even losing ground in some of the departments.

My Lord, this question of appointment to high office is to us something more than a mere question of careers. When all positions of power and of official trust and responsibility are the virtual monopoly of a class, those who are outside that class are constantly weighed down with a sense of their own inferior position, and the tallest of them have no option but to bend in order that the exigencies of the situation may be satisfied. Such a state of things, as a temporary arrangement, may be accepted as inevitable. As a permanent arrangement, it is impossible. This question thus is to us a question of national prestige and self-respect, and we feel that our future growth is bound up with a proper solution of it. My Lord, Your Lordship said on one occasion that to your mind efficiency of administration was synonymous with the contentment of the people. There is no question, of course, of the supreme importance of a high degree of efficiency in a country's Government. There is also no doubt that in this respect the present Administration has been the most strenuous and the most successful of any that the country has had for many years. But may I venture respectfully to point out that Your Lordship's proposition leaves out of account the special circumstances of India, that efficiency, though an object of paramount importance with us as elsewhere, is not the sole purpose of British rule in this land, and that for the contentment of the people to be real and enduring, something more is indispensable than mere efficiency, however high it may be? A succession of great statesmen, who in their day represented the highest thought and feeling of England, have declared that, in their opinion, England's greatest work in India is to associate the people of this country, slowly it may be, but steadily, with the work of their own

Government. To the extent to which this work is accomplished, will England's claim to our gratitude and attachment be real. If, on the other hand, this purpose is ever lost sight of or repudiated, much good work, which has been already done, will be destroyed, and a position created, which must fill all true well-wishers of both England and India with a feeling of deep anxiety.

BUDGET SPEECH, 1906.

[*At a meeting of the Imperial Legislative Council, held on Wednesday the 28th March* 1906, *His Excellency Lord Minto presiding, the Hon'ble Mr. G. K. Gokhale made the following speech on the Financial Statement for* 1906-07 *presented by the Hon'ble Mr. E. N. Baker*:—]

My Lord, for the second time, the Hon'ble Mr. Baker has laid before the Council a budget, which judged by the limits within which he was free to move, is an interesting and satisfactory statement, and which for lucidity of exposition will take high rank among the Financial Statements of the Government of India. I am particularly pleased to read what the Hon'ble Member writes about the effect of the recent reductions of salt duty on the consumption of that article. Time was, not so long ago, when it was the fashion, both in this Council and outside, to regard the burden imposed on the masses by a high salt duty as after all only a light one, and to deny that its rate could seriously affect consumption. If ever the Government of India finds itself driven to enhance the duty again, I hope the Finance Member of the future will remember the eloquent testimony of my Hon'ble friend on the results of recent reductions, and no one will again venture to contest the proposition that, in dealing with a prime necessary of life such as salt, the only right policy is to raise an expanding revenue on an expanding consumption under a diminishing scale of taxation. Even at present, the level of the duty—about 1,600 per cent. of the cost price—is much too high, and I earnestly trust that the Hon'ble Member will have, as I have no doubt he will be glad to have, another opportunity during his tenure of office as Finance Minister to effect a further reduction, thereby making the duty throughout India at least uniform with what it is in Burma, namely, Re. 1 a maund. The consumption in India, which was under 10 lbs. per head before these reductions, has now risen to about 11 lbs., but

it is still far below the level of Burma, where it is about 17 lbs. per head. My Lord, the abolition of certain cesses on land and the discontinuance of certain appropriations from the funds of District and Local Boards for Provincial purposes will be greatly appreciated in the Provinces concerned, and I regard with sincere satisfaction the policy which underlies these measures. My only regret is that Bombay does not participate in the benefit of the relief accorded, and, if it is not yet too late, I would like to suggest one or two directions in which the Hon'ble Member could usefully come to our assistance on the same principle on which he has given the present relief to the other provinces. One is as regards the loss which our Local Boards have to bear as a result of the suspensions and remissions of land-revenue granted by Government. The principal part of the income of these Boards is derived from the one-anna cess on land; so when the Government, owing to the prevalence of famine, suspends or remits a part of the land-revenue, the one-anna cess that is paid with such revenue is also automatically suspended or remitted. The Government anticipates that the amount suspended or remitted this year owing to the present famine will be about 50 lakhs of rupees. This means that the Local Boards will lose a little above 3 lakhs of their revenue during the year. The proceeds of the one-anna cess for the whole Presidency are under 30 lakhs, and to lose 3 lakhs out of 30 lakhs, is a serious matter. Moreover, the loss is not spread over the whole Presidency, but has to be borne only by the districts affected, which means that in those districts the Boards will not have enough money even for their barest wants. I suggest, therefore, that the grant this year to the Boards from the Provincial revenues should be increased by 3 lakhs, or by whatever may be the amount of the one-anna cess suspended or remitted with the land-revenue, the Provincial Government receiving, if necessary, compensation from the Government of India for the purpose. I understand that this is the practice that is followed in the Punjab, where, as a result, the Boards receive their full amount intact, whatever suspensions or remissions the Provincial Government may grant to the agriculturists; and I only ask that our

Boards may be treated with the same consideration. Another direction in which the Hon'ble Member could come to the rescue of these Boards is by relieving them of all responsibility for famine relief, which the Famine Code imposes upon them. Under the Code, the duty of relieving famine distress is first cast on the resources of the Local Boards and then on those of the Provincial and Supreme Governments. Now the means at the disposal of the Boards, even for the objects for which they have been brought into existence, viz., education, sanitation and medical relief, and roads, are woefully inadequate, and to throw on them in addition so heavy and unjustifiable a burden as famine relief is to take away from them practically all power of doing useful work. For the last ten years and more, we have had on our side an almost unbroken succession of unfavourable seasons, with no less than four famines, and the embarrassments of local bodies have been further aggravated by plague and the cost of plague measures; as a result, over the greater part of the Presidency, our Boards have been reduced to a position not far removed from bankruptcy. The relief I ask for, though small, will therefore not fail to prove useful in their present circumstances, and I earnestly trust that the Hon'ble Member, who has already given abundant evidence of his sympathy with Local Bodies in their struggles, will realise the justice and necessity of granting it.

Before I proceed to deal with the larger questions on which I wish to offer a few observations to-day, I would like to make two suggestions, and address one inquiry to the Hon'ble Member. My first suggestion is that in the general statements of revenue and expenditure, given in Appendix I, the figures under Railways and Irrigation (productive works) should be given net. In the Budget for the coming year, the receipts under these heads have been estimated at about 29½ millions and the charges at about 27 millions. The net receipts to the State, therefore, under the two heads amount to only about 2½ millions, and I submit that it would give us a much more correct idea of the true revenue and expenditure of the country, if only this sum of 2½ millions were entered on

the revenue side in the general statements, and a separate statement appended showing the gross receipts and charges under the two heads, instead of two such huge figures as 29½ millions and 27 millions being entered on the two sides of the account. The outlay on Railways and Irrigation is, on a commercial basis, out of borrowed capital, and the receipts, are bound to go up as the capital outlay increases. As a matter of fact, they have been going up of late years owing to increased capital expenditure and other causes by leaps and bounds, having nearly doubled themselves in ten years, standing to-day at 29½ millions against 15½ millions in 1896-97; but they make no real addition to the revenue of the country, except by that portion of them which represents the net profit earned by the State. In Japan, where they do things more scientifically than we, the course that is adopted as regards State Railways is the one I have suggested, and only the profits on the undertakings appear on the revenue side in the Financial Statement. Our present practice has been responsible for many curious misapprehensions of the financial position, and it has misled even those who should know better. Thus two years ago, the Military Member of the Government of India—Sir Edmond Elles—advanced in this Council the obviously untenable proposition that, though the military expenditure of the country had in recent years been growing, its growth, proportionately speaking, was less than that of our revenue; and he proceeded gravely to establish his contention by treating these rapidly increasing gross receipts under Railways and Irrigation as part of the revenue at the disposal of the State. And when I drew his attention to this error, he simply would not budge an inch, and contented himself merely with the remark that he did not know why he should not take the figures as he found them! My second suggestion is that the income and expenditure of Local Boards, included under the head of Provincial Rates, should be separated from the accounts of the Government of India. It is a small matter—only about 2 millions a year—but it gives rise to much confusion. Take, for instance, education. A reference to Statement B will give one the idea that

the Government expenditure on education was nearly 2 millions sterling, when in reality it is only about a million; the rest is Local Boards' expenditure merely included in Government accounts. It is true that the heading, 'Provincial and Local,' is there to prevent a misconception: but that in itself is again misleading, as the term, Local ordinarily includes Municipal also, whereas, in the accounts of the Government of India, the income and expenditure of only Local Boards, and not of Municipalities, are included. I trust the Hon'ble Member will be able to effect this simple but necessary reform. If the suggestions I have made are accepted, our real revenue will be seen to be about 58 millions instead of 87 millions, as the Statements in Appendix I lead one to imagine. The inquiry I want to make is about the Gold Reserve Fund and the profits from Coinage. It was stated by Lord Curzon two years ago that the Gold Reserve Fund was to accumulate till it rose to 10 millions sterling, which amount, he declared, 'will be sufficient for our purpose and will give us a permanent guarantee for stability of exchange.' This limit has been already passed and the Fund to-day stands at over 12 millions sterling, and I think the Hon'ble Member owes it to the country to say what he proposes to do with the profits from Coinage in future years. The fund is to accumulate at compound interest, and may therefore be left where it is. And the profits—about 2 millions a year on an average of six years—may henceforth be used to provide money for loans to agriculturists in a comprehensive scheme for the relief of agricultural indebtedness. They will thus yield a better interest than when they are invested in consols; such a course will also enable the Government to make some reparation to those classes which have been hit the hardest by its currency legislation. Even if they were devoted to productive public works, reducing by a corresponding amount the annual borrowings of the State, that will be better than the present plan of investing in consols. The justification of a policy, which invests its own money in $2\frac{1}{2}$ per cent., and borrows at the same time for its purposes at $3\frac{1}{2}$, is not quite obvious.

My Lord, our financial administration is bound up with questions of policy of the highest importance affecting the Government of the country, and unless that policy undergoes a radical change, our revenues will not be administered in a manner which will best promote the true well-being of the people. Of such questions, the most dominant, as it is the most difficult and delicate, is the question of the Army. My Lord, I fear that a protest in this country against the military policy of the Government and the ceaseless and alarming growth of our military burdens is almost like a cry in the wilderness, but the protest has to be made on every occasion that presents itself, as our most vital interests are involved in a proper solution of this question. Moreover, if ever there was a juncture when our voice in this respect should be heard by the authorities, that juncture is now. A profound change has taken place in the general position of Asiatic politics. The triumph of Japan in the late war has ensured peace in Middle and East Asia. The tide of European aggression in China has been rolled back for good. The power of Russia has been broken; her prestige in Asia is gone; she has on her hands troubles more than enough of her own to think of troubling others for years to come; and thus a cloud that was thought to hang for twenty years and more over our North-Western frontier has passed away, and, humanly speaking, is not likely to return at any rate during the time of the present generation. The Anglo-Japanese alliance, concluded without considering how it would be regarded by the people of this country, is a further guarantee of peace in Asia, if such an alliance has any meaning. Surely, my Lord, this is the time when the people of this country have a right to look for a substantial relief from the intolerable burden of an excessively heavy military expenditure which they have had to bear for so many years past. And the first step in the direction of such relief is to suspend the execution of the Reorganisation Scheme drawn up by His Excellency the Commander-in-Chief and estimated to cost more than 10 millions sterling. This scheme was projected in the early stages of the Russo-Japanese War, and was sanctioned in November 1903, when the issue of the struggle was not only uncertain

but the odds seemed to be against Japan, and when apprehensions were entertained of hostile movements of Russian troops in the direction of Cabul. Now, however, that the situation has undergone a complete change and the North-Western frontier, our one danger-zone, has for the time ceased to be a danger-zone, there is no justification for proceeding with a costly scheme, devised to ensure a concentration of the entire armed strength of the country on that frontier at the shortest notice. The millions, again, do not represent the whole cost of the scheme. There is to be in addition a permanent burden on its account; how much it will be we have not yet been told, but the Hon'ble Mr. Baker warned the Council last year that it would be considerable. This recurring charge is to appear on the scene after five years, during which period 2 millions a year are to be spent out of current revenues to carry out the scheme. My Lord, I respectfully protest against the execution of such a scheme at such a time, as involving an expenditure of money and effort wholly beyond our capacity and not called for or justified by the requirements of the situation. The Secretary of State for India stated in Parliament the other day in reply to a question that the matter was being further considered. I earnestly trust that his decision will be to hang up the scheme; at any rate till a more disquieting situation than the present arises on the North-Western frontier. Should the Government, however, unfortunately make up its mind to ignore recent events and proceed with the scheme, I would most strongly urge that the money required for the initial outlay should be found out of loan funds. My Lord, during the last eight years, the Government has spent its surpluses, amounting to about 35 crores of rupees, on railways, in addition to borrowed capital. Now such expenditure of current revenues as capital outlay on productive works appears in the accounts as an addition to our productive debt (which represents the capital expended on productive works), and this necessitates a reduction by a corresponding amount of the unproductive debt of the country. Last year, when I made this simple statement in connection with my plea that the cost of the Army

Reorganisation Scheme should be met out of borrowing, the Hon'ble Member, to my surprise, denied the correctness of my proposition. He, no doubt, spoke under a misapprehension, and he evidently thought that my contention was that the total debt of the country, productive and unproductive taken together, had been reduced, when my whole argument was that, as our unproductive debt, which after all is the only real debt, had been reduced by the amount of current revenues spent as capital, the whole cost of the new Army Scheme could be met out of loan funds, and yet our unproductive debt would stand lower than where it was eight years ago. My Lord, it is most unjust to the tax-payers of this country that, while the surpluses that accumulate should be spent as capital, heavy non-recurring charges in connection with the Army should be thrown on current revenues, when every pie that can be spared from these revenues is urgently needed for the education of our children and for a hundred other objects of internal progress. The Hon'ble Member may say that till the surpluses are actually realised, no one can tell what they will be. But surely when they have been realised and when they have been so employed as to reduce the unproductive debt of the country, I think there is no excuse for avoiding borrowing, within the limits of such reduction, for meeting heavy non-recurring charges.

My Lord, I beg leave next to urge that the strength of the Army in India should now be reduced by at least those additions that were made in 1885 under the influence of the Penjdeh scare. The growth of the military expenditure in recent years has been simply appalling, as may be seen from the following figures :—

1884-1885	... 17·9 crores.	(Before the increases of 1885 were made.)
1888-1889	... 22·2 crores.	(After the increases had their full effect.)
1902-1903	... 28·2 crores.	
1906-1907 (Budget)	... 32·8 crores.	

Our military expenditure is now nearly double of what it was twenty years ago. Since 1888 it has risen by over

10½ crores a year, and this, notwithstanding the fact that the strength of the Army has not been increased by a single troop or company during the time. The increases made in 1885 were made in spite of the protest of two Members of the Government of India and in disregard of the view recorded by the Army Commission of 1879, that the then strength of the Army was sufficient both for internal peace, and to repel foreign invasion, not only if Russia acted singly, but even if Afghanistan joined her as an ally. And since that time the fear of Russian aggression has been the one dominating factor in all our military arrangements. With Russia now crippled, and the Anglo-Japanese alliance concluded, the last trace of any such fear should disappear from the mind of the Government, and the country should be relieved of the burden imposed upon it specially as a result of that fear. The increasing difficulty that has of late been experienced in England in the matter of recruitment, and in providing the annual drafts for India, with the resulting payment of bounties to short-service men here as an inducement to extend their service, also points to a reduction of the garrison in this country as a necessary measure of justice to the Indian tax-payer. Should the view, however, be upheld that such a reduction is not possible on the ground urged in this Council by Sir Edmond Elles, that the Indian Army 'is no longer a local militia for purely local defence and maintenance of order,' and that it 'must in the future be a main factor in the maintenance of the balance of power in Asia,' I submit that the Imperial Government ought in justice to bear a part of the cost of an army maintained for such a purpose. My Lord, our military expenditure has now grown to such proportions that it overshadows the whole field of Indian finance, and under its chilling shade no healthy development is possible for the people. And unless the axe is resolutely applied to its overgrown portions, our life will continue to exhibit the same signs of sickliness that at present unhappily mark its growth.

But the appalling increase in the weight of military burdens is not our only grievance in connection with the Army. The whole system of Indian defence, founded as it is on a policy of distrust, rests on an unnatural basis,

and one notes with regret that the position is growing worse every day. Whole populations are now excluded from the Army. The abolition of the Madras Command under the new scheme involves the disestablishment of that Presidency as a recruiting ground, and amounts to a denial to the people of Southern India of all opportunity of service even in the ranks. Recruitment is being confined more and more to frontier or trans-frontier men, to the people of non-Indian or extra-Indian areas, with the result that the Army is approximating more and more completely to a mere mercenary force. The Arms Act is being worked with increasing rigour, and licenses to carry arms are now issued more sparingly than at any time before. I believe there are not more than thirty to forty thousand such licenses at the present moment in all India. A large increase has been made in the number of British officers, attached to the Native Army, so as to give all Punjab regiments an establishment of 13 British officers, and all other regiments, of 12. This increase completely ousts the Native officers from even such positions of trust as were open to them before, and not even the command of troops and companies is now really left to them. We have been asking for years that the commissioned ranks in the Indian Army may be thrown open to aspiring and qualified Indians, scions of aristocratic families and others, and the reply of the Government is a stiffer closing of such careers to us. It is true that four members of the Cadet Corps were granted commissions last year, and the language used by the late Viceroy more than once in speaking of the Corps had raised the expectation that these young men would be allowed the same opportunites of attaining to positions of command in the Indian Army as British officers. The reply given by the Commander-in-Chief to my question on this subject last week disposes of this expectation, and we see that Lord Curzon's promise in the matter, though kept to the ear, has been broken to the heart. In pre-Mutiny days we had two systems, the regular and the irregular. Under the regular there were 25 British officers to a Native regiment, where under the irregular there were only just 3 picked ones. The Army Commission of 1859 pronounced in favour of the

'irregular' arrangement; and after considerable discussion a compromise was eventually arrived at, and it was decided in 1863 that 7 British officers should be attached to each Native regiment—these to command squadrons and wings, while the Native officers were to have charge of troops and companies. The question was re-opened in Lord Mayo's time, and an increase of British officers was demanded; and the discussion again went on till 1875–76, when it was finally decided by Lord Salisbury (then Secretary of State for India) that the 7 officers system should be upheld, his Lordship laying stress on the point that the position of the Native officers should be improved and raised. And now the question having been brought up afresh, we find the decision going against us, and the number of British officers in Native regiments raised from 7 to 12 and 13! My Lord, such growing distrust of the people, after so many years of British rule, is to be deplored from every point of view, and not until a policy of greater trust is inaugurated, will the military problem, or indeed any other problem in India, be satisfactorily dealt with. I recognise the difficulty of the situation and the undoubted need that exists for caution in the matter. But after all it is only confidence that will beget confidence, and a courageous reliance on the people's loyalty will alone stimulate that loyalty to active exertion. As long as things continue as at present, the problem of Indian defence, do what you will, must remain essentially and practically unsolved. The experts, who accompanied the Russian and Japanese armies in the late War, have declared that the Indian Army will be found too small, if a great emergency really arises. This is bound to be so, as long as reliance is placed on standing battalions exclusively, with such reinforcements as England might be able to send in the hour of need. Everywhere else in the civilised world, the standing army is supported by a splendid system of reserves, and the nation is behind them all. Here alone there are no reserves worth speaking of to augment the fighting strength of the country in times of war, and the matter is treated as if it were no concern of the people. The late Viceroy quoted last year the achievements of Japan to justify the enormous growth in our military expenditure. Does any one however

believe that Japan's glorious achievements would have been possible, if the Government of that country had merely poured money like water on its standing battalions, unaugmented by reserves, and the magnificent spirit of every man, woman and child in that country had not been behind the Army to support it? Japan's ordinary budget for the Army is only about 37·3 millions yen, or a little under six crores of rupees. And for so small an expenditure, she has a standing army of 167 thousand men, with reserves which can raise it to over six hundred thousand men in times of war. We spend nearly six times as much money a year, and yet, in return for it, we have only an inexpansive force of about 230 thousand men, with about 25 thousand Native reservists and about 30 thousand European volunteers! Both on financial and on political grounds, therefore, our present unnational system of military defence is open to the gravest objection. My Lord, I respectfully submit that it is a cruel wrong to a whole people—one-fifth of the entire population of the world—to exclude them from all honourable participation in defence of their hearths and homes, to keep them permanently disarmed, and to subject them to a process of demartialization, such as has never before been witnessed in the history of the world. Lord George Hamilton once told an English audience that there were millions of men in India, who were as brave as any people on the face of the earth. Leaving such material, in the country itself, neglected, the Government has thought fit to enter into an alliance with a foreign Power—and that, an Asiatic Power, which once borrowed its religion from us and looked up to us—for the defence of India! Japan came under the influence of Western ideas only forty years ago, and yet already, under the fostering care of its Government, that nation has taken its place by the side of the proudest nations of the West. We have been under England's rule longer than forty years, and yet we continue to be mere hewers of wood and drawers of water in our own country, and of course we have no position anywhere else. My Lord, things cannot continue—they must not continue—much longer on so unsatisfactory a basis. Time and events will necessitate a change, and true statesmanship

lies in an intelligent anticipation of that charge. The present Prime Minister, speaking in November last on the subject of the Anglo-Japanese Alliance, observed as follows:—

> I am enough of an Imperialist, if this be imperialism, to hold that the maintenance of the integrity of India is our affair and no one else's; and, if further measures of defence are necessary—of which I have no assurance—the appeal should be to the loyalty of the people of India, and to our own capacity for organising their defence. Is there not danger that the pride of the Indian people may be wounded, and the prestige of the Empire abased in the eyes of the world, by the provision by which Japan makes herself conjointly responsible for the defence of the Indian frontier?

My Lord, this is true and far-sighted statesmanship, and my countrymen ask for nothing more than that the military problem in India be dealt with in the spirit of this declaration of the Prime Minister. The measures needed are Short Service for the Indian Army, the creation of Indian Reserves, and the gradual extension—first to select classes of the community, and then, as confidence grows, to all, of the privilege of citizen-soldiership, so that they may be able, if the need ever arises, to bear arms in the defence of their own land. The Government may move as cautiously as may be necessary, but it is in this direction that it must move; and then the whole situation will be altered. Our military defence will then be gradually placed on a national basis, the Army will have the support of the nation behind it, the present military burden will be largely reduced, and funds set free to be devoted to other objects of national well-being; the people of the country, instead of being condemned as at present merely to pay the taxes and then helplessly look on, will be enabled to feel a real and living interest in their Army, and our position in the matter will cease to wound our self-respect. Now that all fear of any immediate aggression from outside has disappeared, a trial may be given to this policy, and I feel a profound conviction within me that England will have no cause to regret its result.

My Lord, I am free to confess that there is but little chance of any considerable change in the military policy of the Government of India being made in the

immediate future, and, if I have spoken at some length on the subject to-day, it is both because the character of our national existence is bound up with the question, and also because a special appeal for a reconsideration of the policy is justified at the present juncture. I have already said that the military expenditure overshadows the whole field of Indian finance, and it is a matter for further regret that even such slender resources as remain at the disposal of the Government of India after meeting the cost of the Army are not employed to the best advantage. My Lord, during the last eight years, the surpluses of the Government of India have amounted to no less a sum than 35 crores of rupees, and the whole of this money has been spent by the Government on Railways, in addition to the large amounts specially borrowed for the purpose! Now I do not wish to say anything against the construction of Railways as a commercial undertaking. Till recently they used to cost a net loss to the State every year, but that has now ceased; and there is no doubt that in future years they will bring a growing revenue to the Exchequer. To the construction of Railways on a commercial basis out of borrowed money I have therefore no objection, though even here the claims of irrigation to a larger share of the capital raised must be recognised better than they have been in the past. But I have the strongest possible objection to our *surpluses* being devoted to Railway construction, when they are urgently needed for so many other objects vitally affecting the interests of the masses. My Lord, I submit that there should be some sense of proportion in this matter. Already a sum of 250 millions sterling has been spent on Railways. For many years, it was the height of ambition of the Government of India to have in the country twenty thousand miles of Railways. The mileage open to traffic to-day is nearly twenty-nine thousand, and another two thousand is under construction. Are Railways everything, is mass education nothing, is improved sanitation nothing, that the Finance Minister should lay hands on every rupee that he can get either by borrowing or out of surpluses, and devote it to the construction of Railways

only? Replying to my observations on this subject last year, the Hon'ble Member said:—

> When a surplus actually accrues either from a fortunate windfall, or from sources the continuance of which is not assured, then, I think, no more advantageous use for it can be found than to devote it to the construction of remunerative public works.

Now, with all deference, I beg to say that the Hon'ble Member's proposition is an unsound one. The course adopted by the Government would be right, if there was no need of non-recurring expenditure in other directions, more intimately connected with the well-being of the mass of the people. But, with such urgent needs of the country as decent school-houses for primary schools, works of sanitary improvement beyond the capacities of local bodies, and so forth, unsatisfied, I submit it is not a justifiable course to employ the proceeds of taxation for purposes of remunerative investment. That the surpluses are uncertain does not affect my contention at all. Whenever they are available, they may be devoted to the objects I have mentioned. When they are not available, the position cannot be worse than it is at present.

My Lord, the surpluses of the last few years—rendered possible by the artificial enhancement of the value of the rupee, and realised, first, by maintaining taxation at a higher level than was necessary in view of the appreciated rupee, and, secondly, by a systematic under-estimating of revenue and over-estimating of expenditure—have produced their inevitable effect on the expenditure of the country. With such a plethora of money in the Exchequer of the State, the level of expenditure was bound to be pushed up in all directions. Economy came to be a despised word, and increased establishments and revised scales of pay and pension for the European officials became the order of the day. Some remissions of taxation were no doubt tardily granted, but the evil of an uncontrolled growth of expenditure in all directions in the name of increased efficiency was not checked and the legacy must now remain with us. The saddest part of the whole thing is that, in spite of this superabundance of money in the

Exchequer and the resultant growth of administrative expenditure, the most pressing needs of the country in regard to the moral and material advancement of the people have continued for the most part unattended to, and no advantage of the financial position has been taken to inaugurate comprehensive schemes of State action for improving the condition of the masses. Such State action is, in my humble opinion, the first duty now resting on the Government of India, and it will need all the money—recurring or non-recurring—that the Hon'ble Member can find for it. My Lord, the three evils to be combated in connection with the raiyat's position are his fearful poverty, his ignorance, and his insanitary surroundings. And I hope your Lordship will bear with me while I indicate very briefly the lines on which action is really needed.

(1) First come a group of three measures in connection with the land. They must really go together, if a substantial improvement is the object in view. Of these the first is a reduction of the State demand on land, especially in Bombay, Madras, and the United Provinces, and a limitation of that demand all over India. There is ample evidence to show that over the greater part of India—especially in the older Provinces—the agricultural industry is in a state of deep depression. The exhaustion of the soil is fast proceeding, the cropping is becoming more and more inferior, and the crop-yield per acre, already the lowest in the world, is declining still further. And such a deterioration in agricultural conditions is accompanied by an increase in the land-revenue demand of the State! The raiyat staggers under the burden, but under the economic conditions prevailing, cannot help submitting to it. O'Conor, late Director-General of Statistics in India, speaking two years ago before the Society of Arts in London, and speaking with all his special knowledge of Indian agriculture, said:—

> It is doubtful whether the efforts now being made to take the cultivator out of the hands of money-lenders will have much effect, or even, if they have the fullest effect, they will materially improve the cultivator's position until a larger share of the produce of the soil is left in his hands, and he is protected against enhanced rent by private landlord.

And again:—

I have little doubt that the reduction of the land-revenue by 25 or 30 per cent., if the reduction is secured to the profit of the cultivator, would be of far more value in the improvement of the class who constitute the bulk of the population, and who contribute most largely to the finances of the State.

The present system is having, and can have, but one effect. It tends to keep the one industry of the country in a hopelessly depressed condition, discouraging all expenditure of capital on land and rendering agricultural improvement an impossible hope. Whatever loss of revenue such a measure may cause directly to the State will be indirectly more than made up by a material improvement in the condition of the people.

(2) Next, a resolute attempt must be made to rescue the Indian agriculturist from the load of debt that at present overwhelms him. The problem is one of vast magnitude, and, probably, the conditions of the different Provinces will need different treatment. The best plan will be to take in hand an experiment on a sufficiently large scale over a selected area in each Province. Thus take the Deccan Districts in the Bombay Presidency. It is the opinion of competent authorities that quite one-third of our agriculturists, if not more, have already lost their lands, and they are remaining on them merely as the serfs of their money-lenders. Now I would take the cases of such men first, and I would appoint a special tribunal to go round and look into each case, going behind the bond where necessary, and I would have a composition effected, either by amicable arrangement, or by exercise of legal powers, with which the tribunal may be armed. I would place, say, a million sterling at the disposal of the tribunal, out of which advances should be made to clear the debt, to be recovered by adding about 4½ per cent. on them to the land-revenue demand of the State—3½ per cent. for interest and about 1 per cent. for repayment of capital, the repayment being spread over fifty years or so. Having helped to free the man in this manner, the Government may then fairly claim to impose restrictions on his powers of alienation. Of course, this is only

a bare outline, and the scheme will have to be worked out in detail and examined carefully before adoption. If the experiment shows signs of success, it can be extended to other parts. If it ends in failure, well, some money will be lost, but the risk has to be taken. When Lord Lansdowne was Viceroy of India, he was so impressed with this evil of agricultural indebtedness that he is understood to have left a minute behind, expressing his opinion that the condition of the agricultural community was a most serious danger to British rule, and pointing out the necessity for immediate action. It is now fourteen years since he left India, and yet the only attempt made by the Government to deal with the problem is represented by some legislation intended to restrict the raiyat's powers of borrowing! What may usefully be the last link of the chain has thus been made by the Government the sole link, with the result that the situation to-day is as grave as ever.

(3) But these two measures will fail to do any permanent good to the raiyat, unless they are accompanied by the third measure of the group, namely, the providing of facilities which, while encouraging thrift, will enable the agriculturist to borrow on occasions for his reasonable wants at a low rate of interest. The Co-operative Credit Societies, for which an Act was passed two years ago, will not go any long way in this direction. The communal spirit is now very weak over the greater part of India, and the unlimited liability principle, which the Act insists upon, will keep substantial men from these Societies, and any number of paupers brought together will have neither the cash nor the credit to help one another. If unlimited liability is removed and a portion of the Savings Banks deposits is made available to these Societies, they may do some useful work. But what the country really needs is the establishment of Agricultural Banks, like those which have been so successfully introduced into Egypt by Lord Cromer.

(4) Two other measures necessary for the promotion of agricultural prosperity in India, one of which has already received a good deal of attention at the hands of the Government, and the other has been recently taken up

by it, are Irrigation and Scientific Agriculture. About Irrigation I would only like to ask why it is necessary to have the selected projects carried out departmentally, and why their execution cannot be entrusted, as in Egypt, to expert contractors, who would find and train the required labour, the Government exercising supervisional control only? I think, in this matter too, the Government of India may well take a leaf out of the book of that great administrator Lord Cromer. If this were done, far more rapid progress would be made in the matter of Irrigation. As regards Scientific Agriculture, the country is watching with keen interest the steps which the Government is taking in the matter. I must, however, express one fear in this connection. If it is proposed to import European experts for the work as a standing arrangement, there will be small chance of any substantial good being done. The knowledge brought into the country by a succession of foreign experts, who retire to their own lands as soon as they have earned their pension, is like a cloud that hangs for a time overhead without descending in fertilizing showers, and then rolls away. Unless promising and carefully selected Indians are sent abroad to be trained and to take the places of the imported experts in due course, such expert knowledge will never become a part and parcel of the possession of the community. Of course, to begin with, a reliance on foreign experts is necessary, but care must be taken to make the arrangement only temporary.

(5) The promotion of industrial and technical education in the country is also an urgent necessity as a remedy for the extreme poverty of our people. This field has so far remained entirely neglected, with what results even the most superficial observer can see. The sum of 2½ lakhs of rupees, provided in this year's Budget, is as nothing compared with what is needed. The country requires at least one large, fully equipped Technological Institute at some central place, with Branch Institutes in the different Provinces.

(6) I now come to the question of Primary Education. From Mr. Nathan's Report on Education, we find that, in 1901–02, the total expenditure on the primary

education of boys in India from the funds of the State was the staggeringly small sum of 13¾ lakhs! Since then the amount has been increased, but even so it remains most miserably inadequate, compared with the requirements of the situation. My Lord, the question of mass education in this country has been neglected much too long, and the Government must lose no more time in waking up to its responsibilities in the matter. What is needed is a clear aim, and a resolute pursuit of that aim in a feeling of faith and with enthusiasm for the cause. The first step is to make primary education free in all schools throughout the country, and that can be done at once. The total receipts from fees in primary schools throughout India in 1901-1902 were only 30½ lakhs of rupees, so the sacrifice will not be very great. Moreover, the larger Municipal Corporations might be asked to bear a portion of this loss, so far as their own areas are concerned. The next step will be to make this education compulsory for boys in the Presidency towns, and perhaps in a few other leading towns. When the minds of the people have been accustomed to the idea of compulsion in the matter of education, the area of compulsion may be gradually extended, till at last, in the course of twenty years or so from now, we have in our midst a system of compulsory and free primary education throughout the country, and that for both boys and girls. It will not do to be deterred by the difficulties of the task. Our whole future depends upon its accomplishment, and as long as the Government continues listless in the matter, it will justly be open to the reproach of failing in one of its most sacred duties to the people.

(7) Lastly, there is the pressing need of works of sanitary improvement, such as good water supply and drainage. As I pointed out last year, most of our towns are simply powerless to undertake such costly works without substantial assistance from the State. With the plague in all directions, and with the death-rate of the country steadily rising, the question of sanitary improvements assumes an importance which the Government cannot long ignore. The resources of our local bodies are

barely sufficient for their current needs, and any large capital outlay is wholly beyond them. The present distribution of resources and responsibilities between local bodies and the central Government is most unfair to local bodies, and that is the explanation of the spectacle we have seen during the last few years, namely, that of the Exchequer of the Government overflowing with money, while these bodies have been in a state verging on bankruptcy. It is necessary that the Government should formulate and announce a definite policy on this matter.

All these measures that I have briefly outlined will require a large expenditure of money—both recurring and non-recurring. But even as our resources stand at present, there is room for undertaking them all. Thus if the Army Re-organization scheme is held up, or at least its initial cost is met out of borrowing, a sum, from one to two millions a year, will be available, and that may be devoted to a vigorous extension of primary education. The profits of coinage—averaging now about two millions a year—may supply funds for the relief of agricultural indebtedness. The famine grant which stands at a million sterling, may, after deducting the expenditure on actual famine relief, now be devoted to industrial and technical education. The deposits in Savings Banks may be made available to Co-operative Credit Societies. And whatever surpluses accrue may be devoted to assisting local bodies in the construction of works of sanitary improvement. At any rate an important beginning can be made in all these directions, only the spell, under which the official mind has been for so many years, must be broken.

My Lord, the improvement of the condition of the masses and the conciliation of the educated classes are the two really great problems before the British Government in India. The success or failure of England's work in this country will be determined by the measure of her achievement in these two fields. I have already spoken of the work that must be taken forthwith in hand for the moral and material advancement of the mass of our people. The task is one of great magnitude, but it is comparatively a simple one. The question of the conciliation of the

educated classes is vastly more difficult, and raises issues which will tax all the resources of British statesmanship. There is but one way in which this conciliation can be secured, and that is by associating these classes more and more with the Government of their own country. This is the policy to which England stands committed by solemn pledges given in the past. This is also the policy which is rendered imperative by the growth of new ideas in the land. Moreover, my Lord, the whole East is to-day throbbing with a new impulse—vibrating with a new passion—and it is not to be expected that India alone should continue unaffected by changes that are in the very air around us. We could not remain outside this influence even if we would. We would not so remain if we could. I trust the Government will read aright the significance of the profound and far-reaching change which is taking place in the public opinion of the country. A volume of new feeling is gathering, which requires to be treated with care. New generations are rising up, whose notions of the character and ideals of British rule are derived only from their experience of the last few years, and whose minds are not restrained by the thought of the great work which England has on the whole accomplished in the past in this land. I fully believe that it is in the power of the Government to give a turn to this feeling, which will make it a source of strength and not of weakness to the Empire. One thing, however, is clear. Such a result will not be achieved by any methods of repression. What the country needs at this moment above everything else is a Government, national in spirit, even though it may be foreign in personnel—a Government that will enable us to feel that *our* interests are the first consideration with it, and that *our* wishes and opinions are to it a matter of some account. My Lord, I have ventured to make these observations, because the present situation fills me with great anxiety. I can only raise my humble voice by way of warning, by way of appeal. The rest lies on the knees of the gods.

BUDGET SPEECH, 1907.

[*At a meeting of the Imperial Legislative Council, held on Wednesday, the 27th March 1907, His Excellency Lord Minto presiding, the Hon. Mr. G. K. Gokhale made the following speech on the Financial Statement for 1907-08, presented by the Hon. Mr. E. N. Baker* :—]

My Lord, it is a matter of deep and sincere satisfaction to me that the Government has effected a further reduction in the duty on salt, which will now stand at the uniform rate of Re. 1 per maund both in India and in Burma. In view of the language employed by the present Secretary of State for India, in speaking of this impost last year, such action on the part of the Government has not been wholly unexpected. I only wish the Hon'ble Member had spoken of this reduction with more enthusiasm than he has done. I know my Hon'ble friend holds what may be called orthodox official views on this subject. The Council will remember that last year he told us, in his concluding remarks on the Budget, that he "never believed that the tax pressed with undue severity even on the poor." Again this year he says that "the salt-tax is the only contribution towards the public expenditure that is made by a large number of the people." Now the former statement is contradicted by the rapid rise in the consumption of salt which has taken place in response to each successive lowering of the duty and which the Hon'ble Member himself describes as "remarkable." No one is ever likely to stint himself in regard to a prime necessary of life such as salt, unless driven to do so by sheer inability to buy the required quantity. No one, again, is likely to purchase more of it than he needs, simply because it is cheaper than it was before. And I think that the remarkable expansion of consumption that has taken place since the duty was first lowered in 1903—from 36½ million maunds, the average for three years immediately preceding 1903, to 43¼ millions, which is the Hon'ble Member's

cautious estimate for the coming year, an increase of nearly 20 per cent. in five years—is conclusive evidence of the fact that a high rate of duty entails serious privation and suffering to the poorer classes of the people. As regards the second statement of the Hon'ble Member, viz., that the salt-tax is the only contribution which the poorer classes make to the Exchequer, with all deference I must dispute altogether the correctness of the contention. Why, my Lord, so far from this being the case, the fact is really the other way. I think there is no room for doubt that even now, after these successive reductions of salt duty, our poorer classes contribute, relatively to their resources, much more than their fair share to the revenues of the State. These classes consist almost entirely of a broken and exhausted peasantry, without heart and without resource, and sunk hopelessly in a morass of indebtedness. It is from this peasantry, that, over the greater part of India, the land revenue of the State is derived, and it is the same with Provincial Rates. Then the bulk of the revenue from drink comes from these classes. The excise duty on cotton goods falls almost exclusively on them. Under Stamps and Registration they pay, certainly, their fair share, and probably more than their fair share, since the bulk of our litigation is about small amounts. Under Forests they have been deprived of their immemorial right to free grazing and free fuel, and the proceeds of these are the only burdensome part of forest receipts, the rest being fair value realised for timber and other products. Even under Customs, where their contribution is expected to be the least owing to their excessive poverty, the Hon'ble Member's predecessor, Sir Edward Law, once calculated that they paid between 20 and 25 per cent. The only tax from which they are altogether free is the income-tax, and the proceeds of this tax are comparatively small, being under 1½ millions sterling a year. Now these, together with the salt-tax, of which the main burden is admittedly borne by them, and the Opium revenue, which is contributed by the foreign consumer, are our principal heads of revenue, and I repeat there is no justification for the assertion that the salt-tax is the only contribution which the poorer classes

in India make to the Exchequer of the State. It may be mentioned that Mr. O'Conor, late Director-General of Statistics, in a paper read by him three years ago, described the poorer section of Indian cultivators as a class that "contributed most largely to the finances of the State." My Lord, I have made these observations, not in a spirit of mere controversy, but because Mr. Morley's pronouncement of last year on the subject of the salt-tax encourages the hope that we may now look forward to the time when this tax may be done away with altogether, and this consummation is not likely to be forwarded, if the Hon'ble Member's views in the matter are allowed to pass unchallenged.

I am glad to see that my suggestion of last year that in the general statements of revenue and expenditure, the figures under Railways and Irrigation (Productive Work) should be given net, has been met more than half way in this year's Statement, by the working expenses on Railways being brought over to the revenue side and deducted therefrom the gross Railway receipts. This is satisfactory as far as it goes, but it does not go far enough, and I think that the Hon'ble Member, having once begun this reform, must now complete it. He still leaves the interest on Railway debt where it was in the accounts. The result is that the figure of Railway revenue, and through it that of our total revenue, continues to be unjustifiably swollen by the amount of this interest, which already stands at about 10 millions sterling and which will increase from year to year as the capital outlay on Railways advances. The Hon'ble Member observes in this connection :—

> We have left the Interest on Railway debt in its original place: to have brought it over to the Revenue side of the account as a deduction from its gross-receipts would have necessitated a large *minus* entry in the column for revenue accruing in England.

And such a *minus* entry the Hon'ble Member wishes to avoid, as it would be unintelligible to the ordinary reader. But there are *minus* entries in several other places in the Financial Statement, and if the ordinary reader does not mind them, I do not see why he should mind one more.

And in any case it is better to be unintelligible than to be unscientific or misleading. Again, the Hon'ble Member has left the figures under Irrigation as they were before. He says:—

> We have not thought it essential to go so far as the Hon'ble Mr. Gokhale suggested and to show the Irrigation revenue net. I quite admit that the same general principle applies to the Irrigation as to the Railway figures: but the former are not yet sufficiently large to cause any serious distortion of the true revenue and expenditure of India.

But I would respectfully ask—why allow the figures of true revenue and expenditure to be thus distorted at all? Moreover, it introduces a new element of confusion if Railway receipts and Irrigation receipts, which are both exactly in the same position, are treated in the accounts in two different ways. In these matters it will not do to alter the prescribed forms repeatedly, as that must make a correct comparative view of the financial position over a series of years extremely difficult. And, therefore, now that the Hon'ble Member has already taken in hand this reform, I earnestly hope that he will not stop half way but will proceed to the end, and place the matter once for all on a proper scientific basis.

Another suggestion which I had ventured to make last year was with reference to the separation of Local revenue and expenditure from Provincial and Imperial. In his reply the Hon'ble Member had stated that he himself was in favour of the proposal, as the balance of advantage lay in favour of making the suggested change, and that the matter was under consideration. I am, therefore, disappointed to find that the old practice is still there, and that there is no indication in the Financial Statement as to what has been the decision of the Government in the matter. The present practice is responsible for a good deal of unnecessary and avoidable misapprehension. Especially is this the case with reference to educational expenditure. Thus, in the Financial Statement, we are told that the educational expenditure for next year will be 2 millions sterling. I understand that out of this about £ 800,000

will be Local. But there is nothing in the Statement to show this, and one is apt to imagine that the whole amount of 2 millions will come from Imperial and Provincial revenues. Last year Mr. O'Grady, a prominent member of the Labour party, made an inquiry in the House of Commons as to the amount spent in India from the Indian Exchequer on Elementary Education. The Secretary of State's reply, instead of stating the amount spent from Imperial and Provincial revenues—which for 1904-1905 was, according to a return laid by the Home Member on the table of this Council the other day, only £ 160,000—gave the figure of expenditure from "Public Funds," which necessarily was much larger. Mr. O'Grady, not being satisfied with the answer, put, after a few days, another question asking the Secretary of State to specify how much of that total expenditure from Public Funds came from Provincial and Imperial revenues. The reply to this was that the Secretary of State was not in a position to state the amount, but that he would make inquiries! Now, my Lord, this is not at all a satisfactory state of things. Surely the accounts of the Government of India ought to show what is the State expenditure on Education apart from Local expenditure. I earnestly trust, therefore, that the suggested separation, which the Hon'ble Member himself regards with favour, will soon be carried out and that the Financial Statement for next year will not be open to criticism on this account.

Coming now to larger questions, I find that I must renew my earnest and emphatic protest against the manner in which our surpluses still continue to be expended as capital outlay on Railway construction. My Lord, I have spoken repeatedly on this subject in previous years, but I feel the injustice of the present arrangement so strongly that I must ask the Council to bear with me while I urge once again, as briefly as I can, my reasons why a change of policy is immediately called for in this matter. This is the ninth successive year when a substantial surplus of revenue over expenditure has been realised, and it is clear that the era of surpluses has not yet come to an end. The total of these surpluses during these nine years stands at

the high figure of 37 crores of rupees, or about 25 millions sterling, and nearly the whole of this amount has been spent as capital on Railways. Now a surplus is so much more money taken from the people, either through miscalculation or in other ways, than was needed for the requirements of the Government. And, as it is not possible to return this money to the tax-payers in a direct form, what the Government is bound to do with it is to apply it to purposes which are most calculated to benefit the mass of the people. And the question that we must consider is this—what is the most urgent need of the mass of our people at the present day? Judging from the manner in which the surpluses are applied year after year to Railway construction, one would conclude that, in the opinion of the Government, what the people needed most was a vigorous extension of Railway facilities. Now, my Lord, I respectfully submit that such a view of the situation is not justified by the circumstances of the country. The claims, for instance, of Sanitation on the attention of the Government are at the present day infinitely stronger and more urgent than those of Railway construction. Already an enormous sum—no less than 400 crores, or 260 millions sterling—has been spent on Railways in India, while next to nothing has so far been expended on the construction of sanitary works. With so many towns in the country decimated by plague year after year, with cholera and malaria committing their havoc in other parts, with the death-rate of the country as high as 35 per thousand as against 16 per thousand in England, I do not see how the Government can continue to leave Sanitation practically to take care of itself. Let the Council consider what difference it would have made to the country, if the surpluses of the last nine years—37 crores of rupees—had been devoted to sanitary works instead of to Railway construction! My Lord, we all know that, by spending the surpluses as capital on Railways, the Government is able, in the final adjustment, to reduce by a corresponding amount the unproductive debt of the country. And it may be contended that though the surpluses are in the first instance devoted to Railway construction, they are in the end virtually utilised for the

reduction of debt. My answer to this is that our debt, by which I mean the unproductive debt of the country—for that is the only real debt—is so small in amount that its further reduction is not an object of much importance. Taking the year 1904-05, we find that this debt then stood at the figure of 60 millions sterling. The "other obligations" of the Government of India, such as Savings Banks deposits, Service funds, and so forth, amounted in that year to 17 millions. Against this there were cash balances in the Treasuries, here and in England, amounting to 21 millions, and the loans and advances by the Government stood at 12 millions. Our net debt thus is about 44 millions sterling, or less than two-thirds of a year's revenue. This is almost a paltry figure, compared with the huge debts of European countries, and the position may no doubt be regarded with satisfaction. But it must not be forgotten that such a result has been rendered possible only by throwing on current revenues for a quarter of a century the burden of all manner of extraordinary charges, which in other countries are usually met out of loan funds. The further reduction of this small debt, therefore, is not a matter of urgency and can well wait, when the money devoted to it may be far better employed in saving the lives of the people. My Lord, it will not do for the Government to say that sanitation is the concern of Local Bodies and it is for them to find the money required to improve it. Most of our towns are extremely poor and the present distribution of the resources between the Government and the Local Bodies is of a most unsatisfactory character. How unsatisfactory it is may be judged from the fact that, while there has been a plethora of money in the Government Exchequer for the last nine years, most of our Local Bodies have all the time been struggling with serious financial difficulties and some of them have been in a state not far removed from bankruptcy. Without substantial assistance, therefore, from the Government in meeting the large capital outlay which modern sanitary works require, Local Bodies will never be able to grapple with the problem of improved sanitation; and to my mind there can be no more desirable object on which the Government might expend its

surpluses. The Supreme Government should call upon the Provincial Governments to assist sanitary projects liberally out of their own ordinary revenues, and whenever a surplus is realised, it should, as a rule, be placed at the disposal of Provincial Governments for pushing on the construction of sanitary works. I know there is the standing pressure of the European Mercantile Community to expend every available rupee on Railways, and these men are powerful both in this country and in England. But, my Lord, the Government must resist this pressure in larger interests, so far at any rate as the surpluses are concerned. Time was, not long ago, when the Government never thought of spending more than four or five crores a year on Railways. And ten years ago Sir James Westland protested sharply against the manner in which programme after programme of Railway construction was being pressed on him in breathless succession. It is true that in those days the Railways were worked at a net annual loss to the State, and that in that respect the position has now undergone a change. Still 13½ crores is a very large amount to spend in any one year on Railways, and yet the Hon'ble Member has thought it necessary to be apologetic in making the announcement! My Lord, I have no objection to the Government using its borrowing powers as freely as possible to push on Railways, which now rest on a sound commercial basis. But it seems to me most unfair that the loans thus raised should be supplemented by the proceeds of taxation. Moreover, judging from certain observations made by the Hon'ble Member last year, I believe that another resource, and that a large one, will probably be soon made available for Railway construction, and that will be a strong additional ground for devoting surpluses in future years to the improvement of sanitation.

This resource is the profit now annually realised by the State from the coinage of rupees. For the current year it has amounted to the large sum of 4 millions sterling or 6 crores of rupees. Last year it was nearly as large, being 3⅔ millions sterling or 5½ crores. Hitherto these profits have been allowed to accumulate at compound interest,

and this Fund, which will in future be known by the name of Gold Standard Fund, stands at present at over 16 millions sterling. I think, my Lord, the public has a right to ask that the Government should now state definitely what limit they propose to assign to this fund, and how the profits from coinage will be dealt with when that limit is reached. This is necessary in view of the fact that the statements hitherto made on this subject by those in authority have been more or less vague, and, in some respects, even conflicting. Sometimes the purpose of the fund has been stated to be merely the ensuring of the stability of exchange, and sometimes the much more ambitious purpose of preparing for a gold currency has been avowed. When the fund was first constituted in 1900, it was in accordance with a recommendation of the Fowler Committee of 1898—a recommendation which had been made with a view to the maintenance of a stable exchange. In 1901-02 Sir Edward Law, in speaking of the Reserve, leaned to the view that it would serve as "a guarantee for the conversion into gold, if required, of the Rupee token coinage." Lord Curzon, however, merely described it as a means of maintaining the exchange value of the rupee at 1*s.* 4*d.* In 1902–03 Sir Edward Law again referred to this Fund, and this time he also stated its purpose to be the maintaining of a stable exchange. In 1904 Lord Curzon reaffirmed the same view. In 1905 the Hon'ble Mr. Baker also gave this view prominence in his statement. Last year, however, the Hon'ble Member pushed the other and more ambitious view to the front and spoke of the time when the rupees would have to be converted into sovereigns. Again, as regards the amount that is required for ensuring stability of exchange, different statements have been made by different authorities. Lord Curzon said that 10 millions sterling would suffice for the purpose. Sir Edward Law put the limit at 20 millions. The Hon'ble Mr. Baker has put it still higher. In 1905 the Hon'ble Member said:—

> I should like to see it (the fund) raised to such a figure as would enable us, in the event of extreme and continued emergency, to reduce the Secretary of State's drawings by one-half for three years in succession, *i.e.*, to something between 20 to 30 millions sterling.

Now, my Lord, all this is somewhat confusing, and the Hon'ble Member will recognise the necessity of making a full and definite statement of the intentions of the Government both as regards the purpose which the Fund is to serve and the limit up to which it is to grow. This is the more necessary because the Fund was created under mere executive sanction without having recourse to the authority of the Legislature, and also because the annual profits from coinage are now far larger than had been anticipated. I think the Government ought to adhere to the idea of the fund merely serving as a guarantee for the maintenance of a stable exchange. In that case, even the high limit contemplated by the Hon'ble Member would soon be reached and the profits from coinage—a matter now of five or six crores a year—would be available before long to be employed more usefully than at present. On the other hand, if the more ambitious purpose avowed by the Hon'ble Member last year is to determine the policy of the Government, no limit can be foreseen to the accumulation of the Fund. Such a course, in my humble opinion, would not be justified, and I would venture to urge the following objections against it :—

(*a*) That a gold currency for India has never been authoritatively proposed as a definite object to be attained. A stable exchange at a reasonable rate is all that successive authorities have sought to ensure.

(*b*) That it is wrong to pile up a huge gold reserve in pursuit of an object never proposed, or defined, or even regarded as attainable within a measurable distance of time.

(*c*) That it is looking too far ahead into the future to anticipate the introduction of a gold currency into India.

(*d*) The present margin between the value of bullion and the token value of the coin will not suffice to ensure the conversion of rupees into gold, for the moment demonetization is proposed, silver will be depreciated still further.

(*e*) Even on the Honb'le Member's assumption the Reserve can suffice only for the conversion of rupees coined since 1900. The stock of rupee coin of previous years—estimated at about 130 crores by Mr. Harrison, the Expert—will not be covered by it.

I trust the Hon'ble Member will set all doubts in the public mind at rest by making a definite announcement of the intentions of the Government in the matter, if not in the course of this debate, at any rate in the Financial Statement of next year.

My Lord, besides the reduction of the salt-tax, there are four other interesting and gratifying features in this year's budget. They are the new arrangement for meeting Provincial Famine expenditure, the prospect of an abolition of the Opium traffic, the reduction by half a million sterling of the special annual grant for Army Reorganization and the announcement made on the subject of Free Primary Education. Of these the first does not require more than a passing reference. I think the scheme outlined by the Hon'ble Member is an equitable one and ought to work well in practice. I only hope that the commendable liberality with which the Imperial Government has treated Provincial Governments in this matter will be extended by the latter in their turn to Local Bodies, and that these bodies, whose resources, even in prosperous years, are meagre and inelastic, will now be relieved of all responsibility for famine relief altogether. This responsibility was thrust on them when the Government of India itself had to struggle, owing to falling Exchange and other difficulties, with a state of chronic deficits. Now, however, that the very tradition of a deficit has been forgotten, no time should be lost in definitely freeing Local Bodies from a burden which should never have been imposed on them.

My Lord, I have read with sincere pleasure the important statement which the Hon'ble Member has made on the subject of the Opium revenue, coupled as it is with a reduction in the area under cultivation for the ensuing

year. I confess I have always felt a sense of deep humiliation at the thought of this revenue, derived as it is practically from the degradation and moral ruin of the people of China. And I rejoice that there are indications of a time coming when this stain will no longer rest on us. I have no wish to go to-day into the historical part of this melancholy business. The Secretary of State admitted freely in his speech last year on this subject that there were few things which Englishmen had reason to regard with less pride than this. The only practical question now is, how to put an end to this morally indefensible traffic with the least derangement in our finances? It has been suggested in some quarters that the British Exchequer should make a grant to India to compensate her for the loss of revenue which would be entailed by the extinction of this traffic. Now, apart from the fact that there is not the slightest chance of England making such a grant, I think the proposal is in itself an unfair one and ought to be strongly deprecated. No doubt there are important questions like the Army expenditure, in regard to which India has to bear serious financial injustice at the hands of England. Then the cost of the civil administration ought to be substantially reduced by a large substitution of the Indian for the European agency in the public service. And if only justice were done to us in these matters, we could let the whole Opium revenue go at once and yet not feel the loss. But these questions have to be fought on their own merits and they must not be mixed up with this Opium question. So far as the Opium revenue is concerned, whatever may be the measure of England's responsibility in forcing the drug on China, the financial gain from the traffic has been derived by India alone, and we must, therefore, be prepared to give up this unholy gain without any compensation from anybody—for that would be only another name for charity—when in the interests of humanity this wretched traffic has got to be abolished. Of course we have a right to urge, and we should urge, that we must be allowed to spread our loss over a certain number of years —say ten years—so that our finances should not be suddenly disorganised. That would be a fair position to

take up, and we should have there the support of all right-minded people. But the traffic itself must go, and we must cheerfully co-operate in any reasonable scheme for its final extinction.

My Lord, I am glad to see that the special grant of over two millions a year for the Army Reorganisation scheme has been reduced this year by half a million sterling. Considering that the money comes out of the iron grip of His Excellency the Commander-in-Chief, I think we have reason to feel thankful even for this small reduction. Of course since the total initial outlay on the scheme is a fixed sum, this reduced grant only means that the execution will be spread over a longer period than the five years originally contemplated. Still it sets free for purposes of internal improvement a sum of half a million sterling a year out of current revenues. The Hon'ble Mr. Baker describes the circumstances which have led to this reduction in the following words:—

> The present political situation and the reduced receipts we anticipate from Opium have led us to reduce the normal grant to £1,666,700 during the coming year.

I am glad to see the reference to the 'present political situation' by which the Hon'ble Member no doubt means the improved aspect of affairs on the North-West Frontier. This is partially endorsing the view of those who have objected to the carrying out of His Excellency's scheme on the ground that it added largely to the burdens of the people at a time when, in view of the improvement that had taken place in the position of things, they were entitled to substantial relief. My other objection to the scheme was on account of its throwing on current revenues a heavy extraordinary charge which should have been met out of borrowings. The surpluses of the last nine years were more than sufficient to meet this non-recurring charge twice over, and as they had been for the most part employed in a way which eventually resulted in a reduction of our debt, it was only an act of bare justice to the tax-payers that this heavy non-recurring charge, instead of being spread over a number of years and thrown on current revenues, should have been met out of loan funds.

However, I see in the papers that Mr. Morley has finally accepted the scheme. That being so, I fear no useful purpose is likely to be served by my continuing the controversy in this Council. I only trust that the view which, I understand, is held by the Government that the scheme will in the end make for economy will be found to be justified, when the time for judging of its correctness arrives. Meanwhile as there is still much vagueness in the public mind about the nature and scope of the scheme, may I respectfully suggest to His Excellency that it will help to clear away unnecessary misapprehensions, if he will see his way to make an authoritative statement on the subject —as far, of course, as a public statement can be made in a matter of this kind?

My Lord, the military problem in India may be looked at from four points of view. There is first of all the standpoint of the military expert—the soldier—whose principal idea is to raise the efficiency of the Army to as high a state of perfection as possible, and who wants to take for this purpose all the money he can get. Then there is the standpoint of the average Englishman, who wants to feel safe about India and who is comparatively indifferent as to what burdens are imposed on the people of this country in order that he may feel so safe. That is the way the ordinary member of Parliament looks at this question. Thirdly, there is the standpoint of the Indians themselves—those who have to bear the burden, but have hardly any share in the privileges of the present arrangement. Lastly, there is a standpoint which in a way comprehends or should comprehend all these three, though not necessarily in the same degree, and that is the standpoint of the Government of India. Now, my Lord, when we, the Indian Members of this Council, speak at this table on this question, we necessarily approach it from the Indian point of view. It is to express that view that we are here, and though we know that our voice is weak and that what we say is not likely for a long time yet to influence the practical decisions of the Government, that does not absolve us from what is after all our duty to ourselves in the matter. We should be guilty of presumption if we

extended our remarks to technical details relating to the Army, on which we are not qualified to express an opinion. But there are certain broad questions of policy—also questions connected with the progress of humanity—which all men of average intelligence may claim to understand and discuss. My Lord, I do not believe that any serious war cloud is likely to appear on our horizon in the near future. I am fortified in this opinion by the high authority of Mr. Balfour and Mr. Haldane. The triumph of Japan in the late war and the gradual waking up of China and even of Persia—these, if not the overthrow and exhaustion of Russia, are bound to discourage European aggression in Asia for many years to come. Moreover, wars between the great Powers of Europe—and the only war that can touch us is one between England and Russia—are daily growing less and less likely. A comparison of the history of Europe in the 19th century with that in the 18th will show in what direction things have been moving. And the 20th century is bound to be even better than the 19th. The people in Europe are no longer mere pawns on the chess-board of Kings and Ministers. And they are realising more and more what horrors a war means to them. I think, therefore, that India may well ask to be relieved now of a part of her present Army expenditure. Further, the injustice of the present arrangement, whereby a disproportionate share of the cost of military defence of the whole Empire is thrown on her, must be remedied. Then the status of the Indian officers in the Army, which at present is admittedly most unsatisfactory, must be improved, and higher careers thrown open to them. Lastly, the wrong inflicted on all classes of the Indian community indiscriminately by keeping them compulsorily disarmed—thereby slowly crushing all manhood out of a whole race—must be cautiously but steadily set right. My Lord, I have spoken time after time on these subjects in this Council, and last year His Excellency the Commander-in-Chief, with perhaps a touch of impatience, observed that he had heard my arguments and assertions every year for three years. But, my Lord, is it *my* fault that these things have to be pressed again and again on the attention of the Government? If His Excellency

would like to hear less of the complaints, the remedy lies to a certain extent in his own hands. A way must be found out of the present situation, which is no doubt difficult and delicate, but which must not be allowed to continue as it is, simply because it is difficult and delicate. Otherwise His Excellency may raise the Army to the highest pitch of efficiency, and yet he will have left the larger military problem in India as unsolved as ever.

I now come to what is in some respects the most gratifying feature of the present budget—I mean the statement which the Hon'ble Member makes on the subject of Free Primary Education. The statement is brief, but it says enough to indicate clearly the resolute purpose that lies behind it. My Lord, the whole country has reason to feel grateful to your Lordship's Government for taking up this question in this earnest spirit. The circular letter of November last and this paragraph in the Financial Statement, taken together, leave no doubt in my mind that before the budget for next year is presented, primary education will have been made free throughout India; for I cannot imagine any Local Government standing in the way of the adoption of this measure, since the Government of India is going to find all the money required for it. I am sure we owe much in this matter to the Hon'ble Mr. Baker's active support of the cause. I cannot help recalling that last year when this question was raised in this Council, my Hon'ble friend expressed his sympathy with the proposal in most cordial terms.

> I have, he said, the keenest sympathy with every one of the objects on which the Hon'ble Member desires to see public money expended. In particular, I am greatly interested in his proposal for making primary education free with the intention of ultimately making it compulsory. I hope and believe that some great scheme of this nature will eventually be carried into execution.

This was in marked contrast to the reception which the appeal met with at the hands of another member of Government, who, by what must now be described as an irony of fate, then presided over our Education Department and who was therefore the responsible spokesman on behalf of the Government on the subject. Sir Arundel expressed himself in the matter thus:—

I understand the Hon'ble Mr. Gokhale to advocate universal free primary education throughout India. That would be a large order.

And the utmost that he could bring himself to promise was that the aspiration for free primary education would be "kept in view as the distant peak to be one day attained while the work of the present must be slow progress along the plain." What was, however, 'a large order' in March became a very reasonable order in November, so reasonable indeed that the circular letter addressed to Local Governments on the subject showed unequivocally that the Government of India had already made up its mind to adopt the measure. The incident serves only to emphasise the necessity of entrusting the Educational portfolio to such members as feel some enthusiasm for the subject. My Lord, now that the Government has advanced as far as free primary education, I earnestly trust that no long interval will be allowed to elapse before the next step is taken, viz., that of making a beginning in the direction of compulsory education. If His Highness the Gaekwar of Baroda has found it practicable to make primary education compulsory in his State, I cannot understand why the British Government should not be able to overcome the difficulties that lie in its path. The best plan, as I urged last year, would be to confer powers, in the first instance, on Municipal Corporations, in cities with a population of, say, a hundred thousand and over, to introduce compulsion for boys within their areas, the Government of India finding the funds required. The area of compulsion may then gradually be extended, till at last in twenty years or so, primary education should be compulsory in the country for both boys and girls. My Lord, we are already so far behind other civilised nations in this matter that no further time should be lost in making such a beginning. As an eminent German Professor points out, no real economic or social development of a people is possible without the education of the masses. Such education is "the foundation and necessary antecedent of increased economic activity in all branches of national production, in agriculture, small industries, manufactures and commerce;" it leads to a more equal distribution of the proceeds of labour; and it ensures a

higher level of intelligence and a larger capacity for achieving social advance among the people. It is impossible to over-estimate the importance of this question in the present state of India.

My Lord, I have so far dealt with various questions arising out of the Financial Statement which the Hon'ble Member has laid before the Council. The question, however, that, in my humble opinion, transcends all others in importance at this moment is how to associate the people of this country with the administration of their own affairs, so that their growing estrangement may be prevented, and, while their self-respect is satisfied on one side, the bond between them and the Empire may be strengthened on the other. The Englishman who imagines that India can be governed much longer on the same lines as in the past, and the Indian who thinks that he must seek a destiny for his country outside this Empire, of which now, for better or worse, we are a part—both alike show an inadequate appreciation of the realities of the present situation. The main difficulty in regard to this association arises from the fact that the Government of this country is really in the hands of the Civil Service, which is practically a caste, with all the exclusiveness and love of monopoly that characterise castes. My Lord, I am speaking in the presence of so many distinguished members of that service, and I respectfully trust I shall not be considered guilty of rudeness in making these observations. These men, who give on the whole a high average of work, and who moreover feel conscious that they are doing their best, are naturally satisfied with their position, and they expect us to be satisfied with ours. And as they happen to be practically the sole advisers of both the Viceroy and the Secretary of State, no reform which they do not approve has, as a rule, any chance of being adopted. Of course there are exceptions, but I am speaking now of the Service as a class. In a general way they seem to recognise that some advance is now necessary, but when you come to a discussion of different measures of reform, a majority, though not necessarily composed each time of the same individuals, is to be found arrayed

against every reform that may be proposed. Thus, if it is urged that judicial and executive functions should now be separated, you will be told that that will not do as that will weaken the executive power. If you say that the Viceroy and the Secretary of State should have among their official advisers one or two Indian gentlemen, the suggestion is resisted on the ground that the confidential character of the deliberations in the two Councils will no longer be assured. If you propose that the Legislative Councils should be expanded and improved and they should be entrusted with some degree of power to exercise a check over the financial and general administration of the country, the objection is raised that such a reform will strike at the root of the very constitution of the Government, which, as the Secretary of State said last year, must continue for as long as one can see autocratic and personal. If the reform suggested is that Municipal and Local Boards should now be made purely non-official bodies, freed from all immediate official control, the answer will be that Local Self-Government touches intimately the interests of the mass of the people, and you cannot allow its efficiency to be lowered. And thus we move round and round the fortress of official conservatism and bureaucratic reluctance to part with power without being able to effect a breach at any point. My Lord, this kind of thing has now gone on for many years, with the result that the attitude of the public mind towards the Government—'opinion,' as Burke calls it, is of greater importance than laws or executive power in maintaining order—has undergone a steady and, of late years, even a rapid change. Since last year, the impression has prevailed that the Government has at last decided to move forward and that important concessions are contemplated. I earnestly trust that this impression is well-founded. I trust also that the proposed reforms, when announced, will be found to be substantial and conceived in a generous spirit. My Lord, it is of importance that there should be no unnecessary delay in this matter. The public mind is in a state of great tension, and unless the concessions are promptly announced and steps taken to give immediate effect to them, they will, I fear, lose half their efficacy and all their

grace. The situation is an anxious—almost critical one, and unless the highest statesmanship inspires the counsels of the Government, difficulties threaten to arise of which no man can foresee the end.

BUDGET SPEECH, 1908.

[*At a meeting of the Imperial Legislative Council held on Friday, the 27th March, His Excellency Lord Minto presiding, the Hon'ble Mr. G. K. Gokhale made the following speech on the Financial Statement for 1908-09 presented by the Hon. Mr. E. N. Baker*:—]

My Lord,—I confess it was with a sense akin to relief that I read the opening paragraphs of the statement which the Hon'ble Member has laid before the Council this year. Direct expenditure on famine relief is fair test of the extent and intensity of a famine. And, judged by this test, the calamity that has overtaken the country again this year, though undoubtedly very great, is still not so appalling as the famines of 1877 or 1897 or 1900. The famine of 1877 cost the State for purposes of direct relief a sum of 7½ crores of rupees; that of 1897 also cost nearly 7½ crores; while in 1900 the amount expended exceeded 9¼ crores. Compared with these figures, one feels thankful that this year's famine will not require more than two crores for direct relief. Of course, this is on the assumption that the next rainfall will be normal, and for the present one can only hope that it will be normal. Meanwhile, it is a pleasure to acknowledge the manner in which the Government is endeavouring to meet the distress everywhere. By far the largest area affected is in the United Provinces, and these Provinces are fortunate in their present ruler. I am sure Sir John Hewett's famine administration will be remembered as gratefully as that of Sir Antony MacDonnell in the same Provinces in 1897, and of Sir Andrew Fraser in the Central Provinces in 1900.

I am not sure that the Hon'ble Member is quite correct when he says that the financial position of this year is stronger than that in 1900-1901. It is true that Mr. Clinton Dawkins had budgeted in 1900-1901 for only a small surplus of £ 160,000, while the Hon'ble Member

estimates the surplus for the coming year at £571,500. But, in the first place, Mr. Clinton Dawkins has closed the year 1899-1900 with a surplus of over 4 crores of rupees, after finding over three crores for famine relief in that year, whereas the Hon'ble Member who has been called upon to find during the current year not more than 77 lakhs for famine relief, closes the year with a surplus of 35 lakhs only. Even this surplus of 35 lakhs is more apparent than real. It is a surplus in the accounts of the Government of India. But as the Provincial Governments have during the year depleted their balances by about 1½ crores, the net result of the year's revenue and expenditure transactions for the country as a whole is a deficit of about 115 lakhs and not a surplus of 35 lakhs. Again, though Mr. Clinton Dawkins had estimated the surplus for 1900-01 at about 24 lakhs, the actual surplus realised at the end of the year turned out to be over 2½ crores, or ten times the modest figure budgeted for, and this after spending over 6¼ crores on famine relief. On the other hand, the Hon'ble Member provides only 130 lakhs for famine relief during the coming year and he budgets for a surplus of 85 lakhs, against which we have a further depletion of cash balances by Provincial Governments to the extent of 79 lakhs. This does not show that the financial position to-day is stronger than it was eight years ago. Of course, the level of taxation has been lowered since 1900, but that does not alter the real character of the comparison.

There is one observation of the Hon'ble Member on the subject of this year's famine to which I deem it necessary to take strong exception. The Hon'ble Member points out that the number of those who are in receipt of State relief this year is smaller than on the last two occasions, and he regards it as a reasonable conclusion that this is partly due 'to the greater resisting powers of the people.' Now, my Lord, I think the facts which the Hon'ble Member himself mentions in his statement—viz., that the failure of crops has been less extensive and less complete this time than in 1897 or 1900, and that takavi advances have been made far more liberally and far

more promptly than before—are in themselves quite sufficient to explain the difference in the number of applicants for State relief. Considering the extent of the area affected, the depth of the distress caused, and other circumstances of this year's famine, I venture to think that one and a half millions is not at all a small number to be in receipt of State relief at this time of the year. I can assure the Hon'ble Member that no one will be better pleased than myself if the Government of India will order a regular and careful enquiry into the condition of a few typical villages so as to ascertain whether 'the resisting powers of the people' are increasing or diminishing. The Famine Union in London has been demanding such an enquiry for a number of years and not a few distinguished names in England have associated themselves with this demand. But the Government of India, for reasons best known to itself, shrinks from such an investigation. That being so, I think the Hon'ble Member is not entitled to deduce such a conclusion from such slender promises in so important a matter. The Famine Commission of 1898 tried, in the course of their enquiries, to collect some evidence on this subject. And their conclusion, which, I think, still holds good, is worth quoting. After referring to certain classes whose condition, in the opinion of the Commission, had probably improved, they observe :—

> Beyond these classes, there always has existed, and there still does exist, a low section of the community living a hand-to-mouth existence, with a low standard of comfort and abnormally sensitive to the effects of inferior harvests and calamities of season. This section is very large and includes the great class of day-labourers and the least skilled of the artisans. So far as we have been able to form a general opinion upon a difficult question from the evidence we have heard and the statistics placed before us, the wages of these people have not risen in the last twenty years in due proportion to the rise in prices of their necessaries of life. The experience of the recent famine fails to suggest that this section of the community has shown any larger command of resources or any increased power of resistance. Far from contracting, it seems to be gradually widening, particularly in the more congested districts. Its sensitiveness or liability to succumb instead of diminishing is possibly becoming more accentuated, as larger and more powerful forces supervene and make their effects felt where formerly the result was determined by purely local conditions.

As regards small cultivators who, after this class, suffer most from famine, I do not believe they have as yet had time to recover from the terrible effects of recent famines. It should be remembered that the losses of the peasantry during the last two famines in crops and cattle have been estimated at 300 crores of rupees. In Bombay, during the last 12 years, only two years have been free from any expenditure on direct famine relief. The Central Provinces have fared almost as badly. In the United Provinces the present famine comes after only a year's respite to the people, as the year before last was also a year of famine. In Bengal, too, the seasons latterly have not been very favourable. Then over the greater part of the area affected by recent famines, the ravages of plague have been added and these ravages have meant not only a frightful loss of life, with vast mental anxiety and suffering, but also heavy losses of resources to the poorer classes, whose daily life, wherever the plague rages, is disorganised from 4 to 6 months every year. It is true that certain sections of the community—those engaged in textile industries, for instance—have recently had a brief spell of prosperity and the newly awakened enthusiasm for industrial development in the country has also had a beneficial effect. But this, I fear, has not made any difference to the bulk of those who go down the precipice at the first touch of famine—barring probably weavers, mill-hands and other workers in factories, and certain classes of small artisans.

My Lord, the high prices which have been ruling in the country for some time past, independently of the present famine, and which have caused acute and widespread suffering, have naturally attracted general attention, and I was glad to hear the Hon'ble Mr. Miller state the other day in reply to a question by my friend Mr. Chitnavis, that the Government was considering the advisability of referring the whole question to a Committee for inquiry. I earnestly trust that a strong Committee will be appointed and that as early as may be practicable; for apart from the distress which high prices must cause to those whose incomes do not rise with the rise in prices, the

situation suggests certain disquieting considerations, which require a close and careful examination. It seems to me, my Lord, that the phenomenally heavy coinage of new rupees during the last few years by the Government has something to do with this general rise in prices. Really speaking, the artificial appreciation of the rupee by the currency legislation of the Government should have brought about, after things had time to adjust themselves on the new basis, a general fall in prices in this country. In the first few years after the closing of the mints to the free coinage of silver, this tendency was counteracted by a succession of famines and scarcities, and probably in a smaller measure by hoarded rupees having come into circulation. Latterly the general rise, which has taken place in the gold prices of commodities all over the world, has no doubt helped to raise prices in India. But this can account for only a part of the rise that has taken place in this country, and we must look for other causes to explain fully the extraordinary phenomenon we have been witnessing for some time past. I think some light is thrown on the problem by an examination of our coinage statistics. The following figures give the annual average of rupees coined, *minus* old rupees recoined by the Government of India, for each decade from 1834 to 1893, when the mints were closed to the free coinage of silver, and for the years following the passing of the Act of 1899, when coinage operations on a large scale were again resumed. The period from 1894 to 1899 is omitted because, during the first three years of that period, no new rupees were coined at all, and during the next three a very small number—only about two crores in all—was coined.

Period (annual average for).	Crores.
1835-44	2·2
1845-54	2·4
1855-64	8·2
1865-74	4·8
1875-84	6
1885-93	8·3
1900-1904	8·3
1905-1907	20·7

I have not been able to obtain the figures of rupees recoined during the last period, *i.e.*, from 1905 to 1907.

I do not think, however, that these figures have been large and the deduction to be made on their account from the average will not, I believe, be substantial.

Prior to 1893, the melting back of rupees into silver by those who needed silver prevailed on a large scale in the country, and it has been estimated that about 3 crores of rupees must have been so melted annually. Since the currency legislation of 1893 this melting has had to cease, owing to the great difference between the token value and the intrinsic value of the rupee. The stock of rupees in existence in India before 1898 was estimated by Mr. Harrison, the Expert, at 130 crores. During the last ten years, the Government has made a net addition to this stock of over 100 crores. It seems to me that such a sudden inflation of the country's currency is bound to result in a general rise of prices. It may be said that, in view of the great expansion of trade during the last few years and of the increased industrial activity of the country, such augmentation of the currency was necessary. A reference to trade returns, however, does not support this view. During the 20 years preceding the closing of the mints, our exports of merchandise advanced from 54 crores to 106 crores, *i.e.*, doubled themselves, and yet the average annual coinage only advanced, as shewn above, from 6 crores to 8·3 crores during that time. Again, from 1894 to 1905, the exports rose from 106 crores to 157 crores, but the annual average coinage for the five years ending 1904 was just the same as that for the eight years ending 1893, viz., 8·3 crores. It is, therefore, difficult to see why the average should have suddenly gone up from 8·3 crores to 20·7 crores during the last three years. What is probably happening is this. The rupees issued by the Government in response to the demands of trade go into the interior and spread themselves among those from whom purchases are made. But, owing to various circumstances, they do not flow back quickly to centres of trade or to banks, and thus new rupees have to be obtained for transactions for which old rupees might have sufficed. Meanwhile, the melting back of rupees into silver having ceased, every issue becomes a net addition to the volume

of the currency. If this analysis of the situation is correct, it suggests a grave problem, for it means that prices will tend to rise still further. One effect of these high prices, due to a heavy augmentation of the currency, will be to discourage exports and to encourage imports. Another effect will be that whatever gold there is in general circulation in the country—I understand that it is about 12 millions—will be drained from the country. A third effect will be that the cost of production will rise owing to a rise in the cost of living and this will place indigenous industries at a disadvantage in their competition with foreign products. Whether the foundations of the currency system will be involved in the general disturbance that will thus be caused, it is difficult to say. But it is not improbable that an economic crisis, causing great suffering to large numbers of people, may arise, necessitating urgent remedial action at the hands of the State.

The Hon'ble Member gives an interesting table in his statement to compare the incidence of the salt duty in this country with what it is in some European countries. Now, in this matter of the salt tax, the people of this country will always remember with feelings of gratitude the Hon'ble Member's tenure of office as Finance Minister, for he has given us two successive reductions of the salt tax, which is more than any of his predecessors ever did. But though his hand has given us the relief, his head, if he will permit me to say so, seems still to be under the influence of orthodox official ideas; and in the table compiled by him, I detect a lingering feeling of regret that the Government should have sacrificed so much revenue to lower a duty which, after all, did not press heavily on the people! Now, in the first place, it is necessary to remember that our complaint about the burdensome nature of the salt tax was with reference to the old level of the duty and not its present level. Secondly, before the Hon'ble Member's comparison can pass muster, it is necessary that he should give us separately the rates of the excise duty and the import duty on salt in those countries which he mentions; for when a country has strongly protectionist fiscal system, heavy

import duties may exist side by side with light excise duties. And, thirdly, to gauge correctly the comparative pressure of a tax in different countries, we must take into account not merely the amount of the tax paid per head in each country, but also the ratio of that amount to the average income per head. So judged, the salt tax will be found even to-day to press more heavily on the people of India than any other people, except those of Italy, as the following table will show. In this table I have taken the figures of average income per head for the five European countries mentioned by the Honb'le Member from Mulhall's Dictionary of Statistics. For India I have taken Lord Curzon's figure, though it is clearly an over-estimate:—

Country.	Annual income per head.	Salt duty per head in terms of a day's income.
	£	£
France ...	25·7	½ day's income.
Germany ...	18·7	1 day's ,,
Italy ...	12	4 day's ,,
Austria ...	16·3	1½ day's ,,
Netherlands ...	26	⅓ day's ,,
India ...	2	2 day's ,,

Since the Hon'ble Member is in a mood to appreciate comparisons between India and European countries, I venture to present to him another table, and I respectfully trust that he will find it not only interesting, but also instructive! It is a table giving the State expenditure on education in the five countries selected by the Hon'ble Member for comparison and in India.

Country.	State expenditure on education per head.	
	s.	d.
France	5	4
Germany	4	0
Italy	1	8
Austria	2	4
Netherlands	4	3
India	0	1½

My Lord, I am glad that the accounts of the Local Boards have at last been separated from those of the Government in the Financial Statement. I wish the Hon'ble Member had, at the same time, carried further his reform of last year of dealing with Railway and Irrigation figures. He admits the anomaly of treating the two sets of figures differently. He admits also that it would be desirable to deduct the amount of interest from these figures from both revenue and expenditure sides. But he fights shy of large *minus* entry which would result from the adoption of this course, though there are *minus* entries in several other places in the Financial Statement. Well, I can only hope that some future Financial Member will take a different view of the matter. Strictly speaking, it is not only Railways and Irrigation, but also Post, Telegraphs and Mint, that is, all our commercial and *quasi*-commercial services that must be taken net, if an erroneous idea of our real revenue and expenditure is to be avoided. Also Assignments, Compensations, Refunds and Drawbacks must be deducted from the revenue of the major heads, and advances to cultivators and cost of manufactures in connection with opium must be deducted from the so-called Opium revenue. And on the expenditure side the Interest on Ordinary Debt must be taken net. I venture to think that if our accounts are presented in this manner, they will convey a far more correct idea of our real revenue and expenditure than is done at present. Thus re-arranged, the figures of the Budget for the coming year will appear as follows :—

Revenue—(in millions sterling)

Major heads	45·98
Commercial and *quasi*-commercial services ...	3·29
Departmental Receipts (Civil, Miscellaneous, Public Works other than Railways and Irrigation, and Military)	2·92
Total ...	52·19

Expenditure—(in millions sterling).

Charges for collection of revenue		6·04
Interest		·72
Salaries and expenses of Civil Departments ...		14 04
Miscellaneous Civil Charges		4·62
Famine Relief and Insurance		1·53
Other Public Works		4·45
Military Charges		20·75
		52·15
Deduct portion of Provincial expenditure defrayed from Provincial balances ...		—·53
Total ...		51·62
Surplus		·57

Of course, I recognise the difficulty of making radical alterations in old and long-established forms, but I would earnestly urge the Hon'ble Member to see if he cannot add another table to the Financial Statement on the lines suggested above. It will certainly serve a useful purpose, for it will enable everyone, who turns to it, to see that our real revenue is only 52 millions sterling and not 73 millions!

My Lord, I welcome with sincere satisfaction the grant of 30 lakhs of rupees which the Hon'ble Member places at the disposal of the Local Governments during the coming year for assisting Municipal Bodies in undertaking works of sanitary improvement. The Hon'ble Member promises to make the grant an annual one and considering the great importance of the principle which underlies it, I am sure the country will warmly appreciate the fact that a beginning in this direction has been made, in a year when the difficulties caused by famine might easily have dissuaded the Hon'ble Member from undertaking a new expenditure. Thirty lakhs a year is no doubt a small sum, compared with the vastness of the object to which it is to be applied, but now that the principle has been recognised and a beginning made, I am not without hope that the amount may be increased when the present famine conditions pass away and normal times return. Even as it stands, the grant marks a substantial improvement on the existing situation, as may be seen from the following

figures which I have been able to obtain through the courtesy of the Hon'ble Sir Harvey Adamson. These figures show the amounts contributed by the several Governments out of Provincial revenues as grants-in-aid to Municipalities towards capital outlay on drainage and water-works during the last five years, *i.e.*, from 1902-1903 to 1906-1907 :—

Province.	Total amount in rupees in five years.	
Madras	6,47,000	(exclusive of 3 lakhs given to the city of Madras.)
Bombay	*nil.*	
Bengal	1,05,400	
United Provinces	5,68,235	
Punjab	2,35,000	
Burma	1,58,000	
Eastern Bengal and Assam ...	14,000	
Central Provinces	41,000	
North-West Frontier Province ...	*nil.*	
Total for all the Provinces in five years	17,68,635	

This gives us an annual average of 3½ lakhs a year for the whole country, and contrasted with it the Hon'ble Member's 30 lakhs a year is almost a liberal provision! It may be noted that during these same five years, while the Government contributed a mere pittance of 17½ lakhs towards the sanitation of our towns, which are being decimated by annual visitations of the plague, His Excellency the Commander-in-Chief was able to obtain for military charges a sum of about 27 crores above the level of the military expenditure of 1901-1902; and nearly 60 crores were spent as capital outlay on railways, of which one-third, or over 19 crores, was found out of current revenues. My Lord, this treatment of sanitation, as though the Government had no responsibility in regard to it, has hitherto been one of the most melancholy features of the present scheme of financial decentralisation, under which sanitation has been made over to local

bodies as their concern, though they have admittedly no resources for undertaking large projects of improvement. The analogy of England is often quoted to justify this arrangement, though on the same analogy our railway construction should have been left to private enterprise, but it is not. My Lord, our mortality statistics are ghastly reading. The officially recorded death-rate has steadily increased during the last 20 years from 28 per thousand to over 36 per thousand. It was about 28 during the first quinquennium, 1886-1890; from that it advanced to nearly 30 during the second quinquennium, 1891-1895; from there to 32·5 in the third quinquennium, 1896-1900; and from that to 33·5 in the fourth, 1901-1905. For the year 1905—the last year for which figures are available—it was 36·14, being even higher than for the year 1897, when the country was devastated by one of the greatest famines of the last century. It is significant that during this same period of 20 years, England has succeeded in bringing down her death-rate from 20 to 15·5 per thousand. Again, taking only our urban areas, we find that the rise in the death-rate from 1896—the year immediately preceding the appearance of plague in the country—to 1905 has been from 36·5 to 41·7. Last year His Majesty the King-Emperor was pleased to send a gracious message to the people of this country sympathising with them in their sufferings from plague. Your Excellency, too, made a most feeling reference to the ravages of plague in the course of your last budget speech. My Lord, may we not hope that the Government will in future show a greater recognition of the claims of sanitation on the resources of the State than it has done in the past, as no real improvement in public health is to be expected, unless vigorous efforts are made throughout the country to push on sanitation. Three years ago I urged in this Council that at least one million sterling a year should be provided by the Government to assist Municipal bodies in the construction of drainage and water-works. I earnestly trust that the amount will be forthcoming before long. It is really a modest demand, considering the interests involved and considering also the requirements of the situation.

In this connection it is a matter of deep regret to me that I cannot persuade the Hon'ble Member to see the reasonableness of my suggestion as regards the utilisation of our surpluses—at least of a portion of them—for promoting sanitation. I do not propose to repeat to-day my arguments in favour of such a course, as I have urged them again and again in this Council with, perhaps, wearying iteration. But there is one misapprehension of the Hon'ble Member about which it is necessary to say a word. He thinks that as a surplus is in the nature of a windfall and entirely uncertain, to make allotments out of it towards sanitary projects would involve wastage, as works may have to be stopped after being undertaken, if one surplus is not followed by another surplus; and he says that this would be unsound finance. I do not, however, see why there need be any stoppage of works or any wastage. My proposal would work as follows:—Suppose there is a surplus of 2 millions one year and suppose it is decided to devote it to sanitary improvements. The different Provincial Governments will receive allotments out of it, which they will temporarily hold as part of the Provincial balances. They will have before them a programme of sanitary projects and they will offer assistance out of the allotment to such of them as appear to them to be the most urgent. It should be laid down that no assistance should be offered unless the whole of the money required to meet the liability is there in the balances or can be provided partly out of the allotment and partly out of Provincial revenues. When a second surplus is realised and fresh allotments are received, other projects can be taken up for assistance in the same way. If there is no surplus to allot, no harm is done. These surplus allotments may be in addition to the regular annual grant. I do not see what is there that is unsound in such a course. On the other hand, I cannot help regarding the present practice of devoting surpluses to railway construction—which means investing them as unjust to the tax-payers and wholly indefensible. What will the Hon'ble Member think of a man, who, while his children are sickening and dying, neglects to improve the sanitation of his house and uses whatever money he

can spare out of his income for purposes of investment? And yet this is precisely what the Government of India has been doing all these years. Our railways, on which already 400 crores of rupees have been expended, rest on a commercial basis. They are remunerative as a commercial undertaking and they should be constructed only out of borrowings. Surpluses are so much more revenue taken from the people than was necessary for the requirements of the Government. As it is not possible to return a surplus directly to the people, it should be spent in meeting non-recurring expenditure most urgently needed for their welfare. Such expenditure to-day in this country is expenditure on sanitary improvements. The Hon'ble Member proposes to devote to railway construction a sum of 1¾ million sterling out of cash balances during the coming year. This raises the question whether there should not be a definite limit to cash balances. If in fat years larger cash balances that are really required are to be built up out of current revenues and in lean years they are to be drawn upon for railway construction, it really means finding money for capital outlay on railways out of proceeds of taxation, whether the years be fat or lean. The question was carefully considered by the Government of Lord Northbrook, and the conclusion arrived at was that 13½ crores should suffice as cash balances. Since then Burma has been added and the normal level of expenditure has also risen considerably. Still cash balances, ranging between 25 and 30 crores, appear to be unnecessarily large and may, I think, be brought down to a lower level.

My Lord, I think the country has a right to complain that the conclusion of the Anglo-Russian Convention, which has been acclaimed by its authors as a great triumph of diplomacy, has made no difference whatever to the people of India, so far as the weight of military charges is concerned. It is true that certain lapsed grants have not been restored to the military budget this year, but that is owing to the difficulties occasioned by the famine and, moreover, they only mean a slight postponement of certain items of expenditure. Two years ago, when I urged a reduction of military expenditure in this Council in view

of Russia's collapse in the Russo-Japanese War and the conclusion of the Anglo-Japanese Alliance, Your Lordship observed:—

> Recent events may at first sight appear to justify much of what the Hon'ble Mr. Gokhale has said. Russia's reverses in the Far East and our alliance with Japan undoubtedly, at the present moment, minimise the dangers of our Indian frontier; but I am afraid I cannot follow the Hon'ble Mr. Gokhale in his conclusion that these dangers have disappeared for ever. He has told us that the tide of European aggression in China has been rolled back for good, that the power of Russia has been broken and that her prestige in Asia has gone. I am afraid these are mere assumptions which I can hardly accept. I am afraid I feel much more impelled to consider what effect Russian reverses may have on the pride of a high spirited military race and I wonder in how long or in how short a time she may feel confident of recovering her lost prestige.

Well, this time it is an agreement with Russia herself that has been concluded and now at any rate there is no justification for regarding Russian aggression on the North-West frontier as anything else than a mere remote possibility. But now I fear another ground is being taken, namely, that in view of the unrest prevailing in the country and the tendencies of thought and utterance among a section of the people, it is not desirable to touch the military expenditure of India. My Lord, all I can say is that such a view of the situation is most unjust to the vast bulk of the tax-paying community in the country. No doubt it is the case all over the world that when military charges have been once allowed to grow, it is extremely hard to get them reduced again. In India, in addition to this general difficulty, there are special difficulties connected with the exceptional nature of the situation. But the general satisfaction that will result from a reduction of our overgrown military expenditure is an important consideration. On the other hand, the retention of the present level of charges, in spite of the Anglo-Russian Agreement will probably tend to strengthen those very tendencies which are alleged to stand in the way of a diminution of the country's burdens.

There is one more point that I would like to urge about our financial administration before I close. I think it is necessary that a larger portion of our revenues than

at present should be devoted to objects on which the moral and material well-being of the mass of our people ultimately depends. The expenditure on the Army, the Police and similar services may be necessary, but it is a necessary evil, and consistently with the maintenance of a proper standard of efficiency, it must be kept down as far as possible. On the other hand, no State, espécially in these days, can expend too much on an object like education. And here, my Lord, I regret to say that the Government is not doing its duty by the people of India. Everywhere else throughout the world the State now accepts it as a sacred obligation resting on it to provide for the free and compulsory education of its children. The Gaekwar of Baroda has recently adopted measures to make the provision for his subjects. What every civilised Government provides for its people, what the Gaekwar is providing in his State, the Government of India must surely provide for the people of British territories. There is no escape from so obvious a duty and every day's delay is a wrong to the people. We sometimes hear it said that it will be impossible to find money for so vast an undertaking. My Lord, it is not true. The money is there for whatever developments may take place immediately and it can be found without difficulty as we go along, if the burden is distributed over a number of years and the task taken in hand in a resolute spirit. The Hon'ble Mr. Baker makes an interesting observation in one of the paragraphs dealing with famine, which throws a flood of light on this point. He says that the loss to the exchequer of the Government of India—apart from the losses of the Provincial Governments—from this year's famine has been estimated at 3 crores during the year about to close and at 3¼ crores in the coming year. As there has been a small surplus in the accounts of the Government of India this year and as the Hon'ble Member has budgeted for another surplus for the coming year, his estimate should carry conviction to the most sceptical mind. My Lord, I repeat, the money is there or can be found without difficulty. Only the will has to be there and then we shall not be found merely discussing the difficulties of the problem. Then there is the question of technical and

industrial education. Half a million sterling for initial equipment and about five lakhs a year for maintenance charges should give the country an Institute of Technology, almost fit to be included among the great institutions of the world. And the expenditure will return tenfold to the State not only in the advance of technical and industrial education in the country, but also in the appreciation and enthusiasm of the people. I have already spoken of the needs of sanitation. Lastly there is the vast problem of agricultural indebtedness. Here, except perhaps for initial experiments, the money for any scheme of relief that may be adopted—if one ever is adopted—will have to be out of loan funds, and there is ample margin for borrowing for such a purpose, as our Ordinary Debt now stands at only about 37 million sterling.

My Lord, we are passing through very anxious times. How we shall emerge from this crisis, when it is over, is a question that is occupying all earnest minds in the country to-day, almost to the exclusion of any other question. There is much in our present situation that is naturally galling to proud and sensitive spirits, and young men, fresh from their books, are coming forward on every side to ask why things need be as they are. As yet they have not permitted themselves to imagine that their interests do not lie on the side of order. But, sooner or later, mere order is bound to appear irksome to those who zealously cultivate the belief that there is no chance of better days for their country as long as existing arrangements continue. They will, no doubt, discover before long the limitations of their position. They may even come to recognise that life is not always like writing on a clean slate, and that, in the peculiar circumstances of India, they must range themselves, in spite of the humiliations of the situation, in their own best interests, on the side of order, for without its unquestioned continuance no real progress for their country is possible. My Lord, many things have happened during the last three years which have had the effect of swelling the ranks of these men. Even the feeling of love and reverence, with which, as a

great teacher, the philosopher-statesman at the India Office was regarded by successive generations of educated Indians and which was really an asset of value to British rule when he took charge, has helped to add to the difficulties of the situation. That feeling has given way to a sense of irritation and disappointment, because Mr. Morley has on occasions used language which has wounded and has sanctioned measures which have bewildered and amazed. And though those among us, who have not made sufficient allowances for Mr. Morley's difficulties, will in the end regret the harsh things they have said of him, he certainly for the time has lost the power of arresting the rapid decline of my countrymen's faith in England's mission in this country. My Lord, the Government will no doubt put down—indeed, it must put down—all disorder with a firm hand. But what the situation really requires is not the policeman's baton or the soldier's bayonet, but the statesman's insight, wisdom and courage. The people must be enabled to feel that *their* interests are, if not the only consideration, at any rate the main consideration that weighs with the Government, and this can only be brought about by a radical change in the spirit of the administration. Whatever reforms are taken in hand let them be dealt with frankly and generously. And, my Lord, let not the words 'too late' be written on every one of them. For while the Government stands considering—hesitating, receding, debating within itself 'to grant or not to grant, that is the question'—opportunities rush past it which can never be recalled. And the moving finger writes and having writ, moves on!

BUDGET SPEECH, 1909.

[*The following speech was delivered in the Imperial Legislative Council on the 29th March 1909 on the Financial Statement for 1909-10 presented by the Hon. Sir Guy Fleetwood Wilson. Lord Minto was in the chair. This was the last year of the old order, under which the Budget debate was the one occasion in the year available to Non-official Members to bring to the notice of the Government questions connected with the general administration of the country.*]

My Lord, the Hon'ble Member is entitled to the fullest sympathy of this Council and of the country in the difficult task with which he finds himself confronted at the very commencement of his tenure of office as Finance Minister of India. After a succession of surpluses, extending over ten consecutive years, we have come, suddenly and almost without warning, to a year of a heavy deficit, and this abrupt change is accompanied by an uncertainty about the future, which aggravates the anxieties of the situation. It is true the Hon'ble Member estimates, on the assumption of a normal season, a revenue for next year fully equal to its requirements, and he even budgets for a small surplus. But reading between the lines of his statement, one cannot help feeling that he regards the prospect before him with considerable uneasiness. The Hon'ble Member bases his figures of revenue on a normal season, though such estimating is, in his opinion, 'largely a gamble in rain.' The grave depression in trade, which has so seriously reduced our railway receipts during the current year, and which, as the Hon'ble Member says, is not local or peculiar to India, but is, 'one of those great reactions which periodically affect the whole civilised world,' has not yet passed away, and yet the Hon'ble Member takes for railway earnings a figure 2½ millions above that of the current year, thus placing our railway activity during next year 'where it would have been in 1908-1909, if conditions had been normal, with a small

extra margin for the increased mileage.' Finally the Hon'ble Member uses significant language when he says :—

> I have no desire to minimise the difficulties, which it would be folly to ignore, attaching to Currency and Exchange, to the present position of the Gold Standard Reserve, and the weakness of our cash balances.

I doubt, therefore, if the Hon'ble Member himself feels much confidence in the estimates which he has laid before the Council, and I think that the position of equilibrium, for which he has budgeted, indicates more a suspension of judgment on his part than a reasonably confident anticipation of next year's revenue and expenditure.

My Lord, a deficit of $3\frac{3}{4}$ millions sterling or over $5\frac{1}{2}$ crores of rupees is the heaviest deficit we have had in any year during the last fifty years. And only once during the period has it exceeded 3 millions. That was in the year 1897, when the country was devastated by one of the greatest famines of the last century and when in addition there were prolonged military operations on the North-West frontier—the famine costing in direct relief $3\frac{1}{2}$ millions, and the military operations $2\frac{1}{2}$ millions, and the accounts showing a deficit of $3\frac{1}{2}$ millions. It is, however, necessary to remember that the current year's deficit includes a sum of £725,300 under railway charges, which should not be charged against revenue at all, being the portion of the annuity payments devoted to redemption of capital. The exclusion of this sum reduces the deficit from $3\frac{3}{4}$ millions to 3 millions. Even so, it is a heavy deficit, and, in view of its serious nature, I fear, regret will be expressed in some quarters—I already notice a tendency in that direction—that the Government should have granted successive remissions of taxation since 1903. I think, therefore, that it will be useful to recall here the extent of these remissions and their true relation to the growth of our revenue in recent years. These remissions have been three reductions of the salt-duty, each by 8 annas a maund, reducing the duty altogether from Rs. 2-8 annas to Re. 1 a maund, the exemption from income-tax of

incomes between Rs. 500 and Rs. 1,000 a year, the abolition of famine cesses in Northern India, and the abolition of certain local taxes on land in several Provinces. The total relief granted to the tax-payers by these various measures has been a little over four millions a year. Now, to understand correctly the real bearing of these remissions on the general financial situation, it is necessary to glance briefly at the history of our finances since 1885. The first eleven years of this period were a time of extreme stress and anxiety for the Finance Minister, owing mainly to the fall in the exchange value of the rupee, which declined rapidly from over 19*d.* to about 13*d.*, while at the same time military expenditure was rising and the opium revenue going down. The Government met the difficulties of the situation by heavy and continuous additions to the taxation of the country, adhering rigorously to the canon of finance that the year's expenditure should come out of the year's revenues. The lowest point touched by exchange was in 1894-95, when it stood at 13·1*d.* to the rupee. And yet by raising the level of taxation high enough, the Government were able to realise even in that year a surplus of 70 lakhs of rupees. From that point onwards, exchange again rose steadily owing to the currency legislation of 1893, till at last in 1899-1900 it established itself firmly in the vicinity of 1*s.* 4*d.* And when, three years later, the first remission of taxation was granted, the position was this:—The rupee had risen from 13·1*d.* to 16*d.*; there had also been a considerable increase of revenue under most of the principal heads; but the level of taxation still stood where it had been pushed up when the rupee had fallen to 13·1*d.* Now a rise in exchange from 13·1*d.* to 16*d.* meant a saving of 3½ millions sterling in the cost of remittances to England necessary to meet the Home charges, taking these charges even at the lower figure of 1894–95. And this saving the Government were morally bound to return to the tax-payers, however they dealt with the general increase of revenue that had accrued. As the various remissions put together have amounted to about 4 millions a year, it is clear that the relief granted to the tax-payers during the last six years has not materially

exceeded the saving effected in the cost of Home remittances by an artificial appreciation of the rupee. It may be noted that in spite of these remissions of 4 millions a year, the revenue to-day is higher than it was six years ago, the receipts under the principal heads for the current year being over 49 millions as against 45·6 millions for 1902–03, the year immediately preceding the first reduction of taxation.

My Lord, the year about to close has been a famine year, and it is instructive to compare it with the year of the last great famine—1900–01. That famine was admittedly one of the severest, as it was the most extensive of any that have been known in India, and it cost over 4 millions in direct relief. This year's famine, on the other hand, was confined mainly to the United Provinces and the cost of relief has been only a million. The revenue under the principal heads for 1900–01 was 43·6 millions; that for the current year, in spite of the remissions of taxation granted in the interval, was over 49 millions. (The latter figure includes the revenue for Berar, which the former does not, but the former includes the proceeds of local rates, which are excluded from the latter.) In 1900–01, there was a saving in military charges owing to the absence of a portion of the troops in South Africa, against which may be set the windfall under opium during the current year. Under Railways there was a small net revenue of about $\frac{1}{3}$ million in 1900–01 as against the loss in this year's Revised Estimates of a little under $\frac{1}{2}$ million. The Government thus had in 1900–01 a smaller revenue and had to incur a much larger expenditure on famine relief than during the current year, and yet in the former year they were able to show a surplus of 1·7 millions, whereas in the latter they have a deficit of 3 millions, exclusive of the sum devoted to the redemption of railway capital. This shows the extent to which the ordinary expenditure of the country has grown during the last eight years. Of course a good part of this increased expenditure has been devoted to most worthy objects, such as extension of education, improvement of agriculture, police reform, grants to District Boards, grants for

sanitation, and so forth. But there is also no doubt that a portion of the increase has been due to the fact that money was available and the need for economy was not obvious. The scales of pay, for instance, of the superior grades in most departments have been augmented during the last few years. And in this connection I cannot help recalling the vigorous language used by His Honour Sir Edward Baker two years ago in speaking of the pressure constantly brought to bear on the Finance Department in the matter.

> I have now been, said His Honour, connected with the Finance Department of the Government of India for five years continuously, and during that period I do not believe that a single day has passed on which I have not been called upon officially to assent to an increase of pay of some appointment or group of appointments, to the re-organisation of some Department or to an augmentation of their numbers. All experience proves that where revision is needed, either of strength or emoluments, the Local Governments and the Heads of Departments are only too ready in bringing it forward. Nor are the members of the various services at all backward in urging their own claims.

I am glad the Hon'ble Member proposes to enforce a policy of strict retrenchment in all directions. If he succeeds in doing so to any appreciable extent, the present deficit will have proved a blessing in disguise! One feature of the present financial situation, to which attention may be drawn, is the greater extent of the reliance which is now placed on net railway revenue to meet the ordinary recurring expenditure of the country. Our railways, after causing a net loss to the country year after year for half a century—amounting in all to more than fifty crores—began to show a small profit nine years ago. And during the last four years, this profit reached the high average of about three crores a year. Unfortunately they have failed us somewhat suddenly this year, and I fear it will be necessary to regard this source of revenue with a certain amount of distrust in the future.

My Lord, the Hon'ble Member has adopted, if I may presume to say so, an entirely wise course in budgetting for a position of equilibrium for next year in spite of the heavy deficit of the current year. We all hope with him

that the next season will be a normal one and that the depression in trade will soon pass away. We hope also that no new clouds will gather on the horizon. There is no doubt that in ordinary circumstances and in the absence of any special disturbing factors the financial position of the country is a strong one. And by this time next year, we shall be in a better position to judge whether the causes that have brought about the present disturbance are temporary or will continue longer in operation. I must, however, confess, my Lord, that the continued prevalence of high prices in all parts of the country appears to me to be an element of considerable anxiety in the present situation. Last year, in the course of the budget debate, I ventured to express my apprehensions on this subject, and further consideration has only strengthened those apprehensions. I think the quantitative theory of money holds good much more in the case of a backward country like India than in those of more advanced countries. Variations in the prices of individual commodities may be due to variations in the demand for them or in their supply. But a more or less general rise of prices can only point to a disturbance of the currency. Such rise need not be uniform in the case of all commodities, for, in the view which I am stating, prices are a function of three variables—currency, demand and supply, and any general rise resulting from a disturbance of the currency may be modified in particular cases by one or both of the other two factors. The whole question requires a close and immediate investigation by a competent body of men, and I sincerely trust the Government have made up their mind to direct such an enquiry. The experience we have had this year of the Gold Standard Reserve must lead many of us to revise our ideas on that subject. The Government are being urged on all sides to build up a strong reserve, but we seem to stand in this matter on the horns of a dilemma. If the mints continue idle, as at present, and no new rupees are coined, there will be no coinage profits and therefore no additions to the Gold Standard Reserve. On the other hand, if new rupees are coined, they will, I fear, tend to raise prices still higher in the country. And this will discourage exports and stimu-

late imports, and will exercise an adverse influence on our balance of trade. It has been urged in defence of the heavy coinage of rupees in recent years that they were issued solely to meet the demands of trade. The course adopted does not, however, seem to be justified by the results. It is important to remember that the Fowler Committee had expressed itself strongly and clearly against such new coinage until a sufficient quantity of gold was in circulation in the country.

> The Government, they wrote, should continue to give rupees for gold, but fresh rupees should not be coined until the proportion of gold in the currency is found to exceed the requirements of the public.

It seems to me that the only way now out of our difficulties is to follow the example of France and the United States, and while admitting the rupees to unlimited tender, stop the coinage of new rupees and coin gold pieces instead. Of course I express this opinion with great diffidence, for there are serious considerations on the other side and the whole subject is enveloped in great obscurity. But I fear that the present half-way house will not do, and unless we place our currency on an automatic and self-adjusting basis, the clouds that are already overhead will thicken and not roll away.

My Lord, I am sincerely pleased that as a result of this year's deficit, the special military grant of two millions a year, which has been placed at the disposal of His Excellency the Commander-in-Chief for the last four years for his Re-organisation Scheme, will be abolished from next year. The relief afforded by the abolition to the finances is no doubt, more apparent than real, for already in its place there is a permanent increase of expenditure of 1½ millions a year—£ 655,100 as the permanent charge left behind by His Excellency's completed special measures, and £ 813,300 for increased payments to the War Office and for increase of pay and allowances to Indian troops—with an indefinite liability to find, as before 1904, whatever extra sums the military authorities may demand for 'indispensable' special measures. Still it is a matter for satisfaction that this fixed, heavy burden

which we have borne for four years, is for the present at any rate off our shoulders. It is somewhat disappointing that of the 8¼ millions spent out of the special grant since 1904, only about 3⅝ millions have been expended on measures included in His Excellency's original programme. It was expected that as a result of the completion of that programme there would ultimately be a saving in the military expenditure of the country. That expectation, I fear, will not now be realised, if only one-third of the scheme has so far been carried out. The increase, in the payment to the War Office, of £300,000 a year is regarded throughout the country as an unjust addition to our burdens and is deeply resented. It is understood that the Government of India protested strongly against this fresh imposition and the best thanks of the country are due to the Government for this. On the other hand the increase in the pay of Indian troops was quite necessary and has been received with sincere pleasure by all classes of the people.

I have several times expressed my views on Railway finance in this Council and I will therefore make only a passing reference to that subject to-day. The Government propose to spend £10 millions next year as Capital outlay on Railways. Notwithstanding what has happened this year, I trust our Railways have now established their character as a commercial success. That being so, as a mere matter of finance—apart from questions such as the relative importance of Railways and Irrigation—there can be no objection to the Government spending whatever amount they think desirable on railway construction, provided they raise the whole of that amount strictly by borrowing. This year's experience no doubt emphasises the need for caution even in railway constructing out of borrowings, but I do not wish to dwell on that aspect of the question. The Government, however, have not in the past been satisfied with merely devoting loan-funds to railways. They have in addition drawn on every other available resource for the purpose, and thus, during the last few years, large surpluses, arising out of current revenues, which might have been devoted, with the utmost benefit to the people, to meeting non-recurring expenditure

in connection with primary education, technical education, sanitation, and such other needs of the country, have been swallowed up by this eternal, unending, insatiable railway construction! Year after year I have complained of this misapplication of our surpluses in this Council but without avail. Two years ago it did appear as though Sir Edward Baker might move a little from his position in the matter, but last year he decisively closed the discussion, so far as he was concerned, by declaring that 'the Hon'ble Member and the Government are irreconcilably divided and can only agree to differ.' My Lord, I mention these things in the hope that my contention might meet with a better reception at the hands of the new Finance Member. Our finance is the finance of a poor country, whose resources are small and whose needs in several directions are pressing and various. It is true that the application of a portion of our revenues to Railway construction leads to a corresponding reduction of our unproductive debt, but that should be no object with the Government, seeing what a mere trifle that debt is, being only about £ 37 millions sterling. The present year is a year of a deficit, but the Hon'ble Member includes the small surplus, for which he budgets for next year, among the ways and means of meeting capital expenditure. This means that even if the expected surplus is not realised, the estimated amount will be devoted to railway construction out of cash balances. Again, as I have already pointed out, this year's deficit includes a sum of ¾ million under Railway charges, which represents the portion of annuity payments devoted to the redemption of capital. Thus our surpluses, whenever they are realised, are to go to railway construction, and in addition to that, a sum of ¾ million a year out of current revenues is to be devoted to the redemption of railway capital! My Lord, I protest respectfully but with all the emphasis at my command against this policy. It is, in the circumstances of India, unjust and unjustifiable, and even from the standpoint of sound financial administration, it is wholly unnecessary.

My Lord, this is probably the last budget debate at which observations of a general character, unconnected

with questions of finance, will be permitted, and I would like to say a few words on the situation in the country generally before bringing my remarks to a close. The acute anxieties of the last year are now happily over, and the situation has undergone during the last three months a change so striking and decisive that it is almost difficult to recall the crisis through which we have passed. When the Council closed its last Calcutta session twelve months ago, there was in the air a feeling of vague uneasiness as at some impending disaster. And the country was soon startled and shocked by the appearance of anarchists on the scene. It is true their numbers were utterly insignificant, but the danger was that for a time at any rate the more reckless and irresponsible spirits in the country would think more of the daring of these misguided young men than of the wicked and detestable character of their outrages. With such a danger confronting them, the Government could not afford to sit idle or lose time. But the drastic measures of repression which they found themselves driven to adopt, both to prevent the spread of general disorder and to strike at the root of political crime, deepened still further the gloom of the situation and added to the prevailing feeling of despair in the country. It was indeed a time of grave anxiety, for large numbers of young men were daily drifting away farther and farther from their allegiance to British rule, and the whole conception of one's duty to the country was undergoing a rapid change in superficial minds. Happily, at this critical juncture, the courage and statesmanship of Your Lordship's Government and of the Secretary of State came to our rescue, and the announcement of a large and generous scheme of reforms in December last at once acted like a charm, and eased the tension of the situation. And to-day the position, in spite of its undoubted difficulties, is actually clearer and stronger than it has been for many years past. A new hope is gladdening the hearts of the people, and though certain causes of soreness exist, the minds of the educated classes are steadily reverting to their old faith in the higher purpose and character of British rule. The appreciation of the supreme importance of order for purposes of real progress

is all the deeper and more distinct for having experienced the shock and horror of recent outrages. And on every side there are indications that a period of closer and more cordial relations between the authorities and the people is about to begin.

My Lord, I have said that certain causes of soreness still exist. Of these one of the most serious is the deportation of nine Bengali gentlemen under the Regulation of 1818 in December last. I have no wish to go on the present occasion into the general objections that may reasonably be urged against a resort to the extraordinary powers conferred by the Regulation. Those objections are well understood and there is no satisfactory answer to them. I feel bound, however, to say one thing. In the course of a recent debate in the House of Commons on the subject, the Under-Secretary of State for India stated that these nine men had been deported because it was believed that among them were 'some leading instigators of crime.' It is true that Mr. Buchanan did not say that every one of the nine gentlemen was a leading instigator of crime. But as none of them was expressly excluded from the description and as all nine have been deported, the suspicion of being an instigator of crime must attach to each one of them. Now two of these nine men I know very well personally—Babu Krishna Kumar Mitter and Babu Aswini Kumar Dutt. They are undoubtedly persons of the highest character and deep piety, and it is incredible that either of them can have been even most remotely connected with crime. I recognise that, in times of grave emergency, the Government have to decide quickly and act promptly, taking all risks—even the risk of being in the wrong. But it is now more than three months since the deportations took place. The situation throughout the country is rapidly improving. May we not hope that the Government will now reconsider this matter and take the earliest opportunity to restore these men to their homes? It will be an act of bare justice to the individuals and will give great satisfaction throughout the country.

My Lord, certain provisions of the reform scheme have, as the Council knows, evoked keen and even excited controversy. Of these, the greatest opposition has been naturally encountered by the proposal to appoint an Indian member to Your Lordship's Executive Council. The question, however, is now laid at rest by the announcement made five days ago that His Majesty the King-Emperor has been pleased to approve the appointment of Mr. S. P. Sinha to succeed Sir Earle Richards as Law Member of the Council. My Lord, the day when this announcement was made will always be remembered as a red letter day in the history of British rule in India. A momentous step has been taken and a most signal vindication offered to the people of this country of the noble pledges contained in the late Queen's gracious Proclamation. I am confident that the Government will have no cause to regret what they have done. The trust and courage which they have displayed will be repaid a hundredfold in the new ties of attachment and gratitude which will bind the country to British rule, and the administration will be all the stronger for coming closer to the hearts of the people. The opposition to Clause III of the new Reform Bill has come principally from certain retired administrators and civilians, whose connection with India terminated some time ago and who have not been in touch with the rapid changes of thought and sentiment which have taken place in the country during the last three years. Now that the tension has relaxed, these gentlemen would evidently like to part with as little real power as possible, and they have not hesitated to get the clause rejected by the House of Lords in the face of the opinion of the Government of India and the Secretary of State. Their action has caused deep and widespread disappointment throughout the country, for there is no doubt that administration by a Council is a higher form of Government than a single man rule, and the proposed change is needed to meet satisfactorily the altered requirements of the situation. There is room yet for the hope that the clause will in the end be restored after all, and it will be worse than unfortunate if this hope is not realised, for that will mean that the proposed scheme of reform has been put back in a most important

particular. The third question connected with the reforms, round which controversy has raged for sometime, is that of Mahomedan representation. As this question is arousing a considerable amount of feeling in the country, I would like to state briefly my own view of the matter. That view is practically the same as that of the Government of India, and I have embodied it in the note which I had the honour to submit to the Secretary of State last September on the subject of constitutional reforms. I think the most reasonable plan is first to throw open a substantial minimum of seats to election on a territorial basis, in which all qualified to vote should take part without distinction of race or creed. And then supplementary elections should be held for minorities which numerically or otherwise are important enough to need special representation, and these should be confined to members of the minorities only. What minorities in the different Provinces should have special representation and how many seats should be assigned to each minority must depend upon the special circumstances of each Province. It will not do to be guided in the matter by a strict regard for numbers only; for it may be necessary at times to give special representation to a minority so small as not to be entitled even to a single member on a strict numerical basis. This was practically the plan advocated by the Government of India in their despatch, as I understand it, and now that the idea of joint Electoral Colleges has been abandoned, I earnestly trust that it will be carried out. The great advantage of this plan is that it provides for composite action by all communities up to a certain point, and then it prevents injustice, in practical operation, to minorities by giving them special supplementary electorates of their own. My Lord, it has been urged by some of my countrymen that any special separate treatment of minorities militates against the idea of the union of all communities in public matters. Such union is no doubt the goal towards which we have to strive, but it cannot be denied that it does not exist in the country to-day, and it is no use proceeding as though it existed when in reality it does not. Not only this, but unless the feeling of soreness in the minds of minorities is removed

by special separate supplementary treatment such as is proposed by the Government of India, the advance towards a real union will be retarded rather than promoted. One thing, however, must here be said. The idea of two watertight compartments for Hindus and Mahomedans separately will not promote the best interests of the country, and moreover it is really not feasible. For there cannot be only two such compartments, unless all minorities other than Mahomedan are to be joined to the Hindus, in which case the division will practically be Mahomedans and non-Mahomedans. Further, where only one member is to be returned by a whole province, as in the case of landholders or the non-official members of some of the Provincial Councils, any division of those who are qualified to vote into two or more groups becomes impossible. The objection has been raised that, under the plan of the Government of India, members of minorities will vote in general election as also in their own supplementary election. But the matter must be looked at in a large way and in a practical spirit. The aim is not to secure a scientific accuracy of method, but to obtain substantially just and satisfactory results. Let it be remembered that a member more or less for either the Hindus or the Mahomedans does not really much matter. The existence of the Government is not to depend upon the votes of non-official members, neither are its members to be drawn from those who are in a majority in the Councils. Let it also be remembered that the most important part of the proposed reform of Legislative Councils is the power that will be conferred on members to raise discussions on administrative questions in the Council, and for this purpose the exact proportion of members returned by any community is a matter of small importance. My Lord, I respectfully suggest that the Government should take an early opportunity to make a clear and firm declaration on this subject, calculated to allay apprehensions and give reasonable satisfaction to all parties. It is necessary that the new arrangements should be inaugurated with the utmost goodwill from all sections of the people. I earnestly appeal to my countrymen—both Hindu and Mahomedan—to exercise special mutual forbearance at

this juncture and meet each other half way.. We owe this to ourselves and to our country's future; we owe it also to those who are granting us these important measures of reform.

My Lord, in this connection, may I offer a word of personal explanation on this occasion? I see from the papers that have arrived by the last English mail that the note on constitutional reforms, which I submitted to the Secretary of State in September last, and to which I have already referred here to-day, has come in for a good deal of comment in England. Now, what I want to say about that note is this. There was nothing surreptitious or private about it. It was submitted by me to the Secretary of State for India in my capacity as a representative of the Bombay Presidency Association, publicly deputed by that body to proceed to England and lay their views before the authorities there on the proposed reforms. The note was only a summary—with very slight modifications, suggested by the discussions I had with a number of public men in England on the subject—of the views which the Association had already laid before the Government of India in an exhaustive memorial and before the Decentralisation Commission in another memorandum. On my return to India, I noticed attempts made in certain quarters to rouse Mahomedan feeling against the reform scheme, as outlined in Lord Morley's despatch, by representing it as a result of Hindu intrigue in London. After a time my name was openly mentioned in that connection. As the line I had taken on the Mahomedan question was practically the same as that of the Government of India, I thought and several of my friends agreed with me in this view that the best way to counteract this mischief, which threatened to grow quite serious, was to publish the views which I had laid before the Secretary of State. Before communicating the note to the Press, however, I sent a copy to Sir Herbert Risley, requesting him to include it, if possible, among any fresh papers on reforms that the Government might issue—a request that he at once and very courteously complied with. I took this course because it was thought necessary in the best interests of our

public life that no room should be left for the allegations of intrigue against Mahomedans, which were being openly and unscrupulously made. There was no thought of suggesting that it was the note that had influenced the Secretary of State in his decision, and no such suggestion has ever been made by me by word or by whisper. As regards the attacks made on the Indian Councils Bill by the opponents of that measure on the score of its supposed connection with my note, they are of course the usual amenities of party warfare in England. All the same, they are most unfair. Any one who reads the despatches carefully will see that nine-tenths of the scheme, even in its final form, is really the Government of India's. And even in the few points in which the Secretary of State has gone beyond the Government of India's proposals, he had strong support of an official character behind him—a support that was bound to be far more influential than a note containing merely the views of a public body in India. Thus we all know that in regard to the appointment of an Indian to the Viceroy's Executive Council, had it not been for Your Lordship's strong personal interest in the matter, that reform would never have come. As regards Provincial Executive Councils, it is really the Decentralisation Commission that has pushed the question to the front. And in the remaining matters, it is known that the Secretary of State has acted on the recommendations of Lord Macdonnell and his colleagues on the Special Committee. It is true that some of the reforms, which Indian public men have from time to time been advocating, have found a place in the scheme finally adopted by Government. But that only shows that our proposals were not so very unreasonable after all, and that when they come to be officially examined in a serious spirit, they were found to be quite practicable. The fact is that the path of constitutional reform in India is really extremely narrow, and those who want to advance along that path have no choice but to have in view more or less the same stages and almost the same steps. To safeguard the essential elements of British supremacy, to associate the people of the country more largely with the administration of their affairs, and to do this cautiously, impartially

and, at the same time, in accordance with ideas and aspirations which Western education has fostered in the land—these factors of the problem do not leave a wide margin for differences of opinion except in regard to minor details. Of course, those who do not want to advance do differ fundamentally from those who do; also among those who want to advance there may be differences of opinion as to how many steps may be taken at a time. But there is not much room for any striking originality or novelty of solution in determining the path. Moreover, the interests involved are too large and too serious to permit of the authorities going in search of originality for mere originality's sake.

These controversies, great and small, will however soon come to an end, and before long they will probably pass out of men's minds. But the reforms that will be inaugurated will remain, and they will open a new and important chapter to the people of this country. As far as one may foresee, the chief characteristic of the next few years will be a greater consideration for public opinion on the part of the authorities, a larger realisation of the difficulties of the administration on the part of the people, and a closer co-operation between the two sides in promoting the moral and material interests of the country. It is idle to expect that, with the introduction of the reforms, all existing misunderstandings between the Government and the people will vanish; and it will be even more idle to imagine that, as time rolls on, no new occasions of friction will arise, or no fresh misunderstandings crop up. But there is no doubt that when the proposed reforms are completed, the administrative arrangements of the country will have been brought into reasonable harmony with the present requirements of the people; and as regards the future, we must be content to let it take care of itself. I think it is safe to say that when, in later times, the eyes of my countrymen turn back to these days, they will see two figures standing apart from the rest. One will be Your Excellency and the other Lord Morley. My Lord, I am at a disadvantage in speaking of Your Lordship in your presence;

but the occasion is exceptional, and I trust the Council will forgive me for any apparent breach of propriety. The country owes a deep debt of gratitude to Your Lordship, both personally and as the head of the Government of India, for these reforms. You had not been many months in the land, before you recognised frankly and publicly that new aspirations were stirring in the hearts of the people, that they were part of a larger movement common to the whole East, and that it was necessary to satisfy them to a reasonable extent by giving the people a larger share in the administration of affairs. And throughout, your purpose in this matter has never wavered. Your Lordship started the first deliberations in your Council on the subject. The tentative proposals published in 1907, which had caused great dissatisfaction, were revised and recast under your own direction, and nine-tenths of the scheme in its final form is that of the Government of India. ' But this is not all. The throwing open of your Executive Council to Indians—which, in some respects, is the most notable part of the reforms—is principally Your Lordship's work. Serene, clear-sighted, supremely modest, Your Lordship has gone on with the work of reform with noble courage amidst extraordinary difficulties, and I am sure your greatest satisfaction will be that when you lay down the reins of office, you will leave to your successor a task far less anxious than the one you inherited. My Lord, among the many great men who have held office as Governor-General in this country, there are three names which the people cherish above all others—the names of Bentinck, Canning and Ripon. I venture to predict, both as a student of Indian history and as one who has taken some part, however humble, in the public life of the country for the last twenty years, that it is in the company of these Viceroys that Your Lordship's name will go down to posterity in India. Of Lord Morley, I will say only this. It would have been a sad thing for humanity if his tenure of office, as Secretary of State for India, had produced nothing more than deportations and Press laws. One, who has taught so highly, and to whose name such great honour attaches even in distant lands, cannot afford to be ' as other men are—a slave of routine and a victim

of circumstance.' However, his great Liberalism has been amply and strikingly vindicated even in so difficult a position as that of the head of a vast bureaucracy, and the temporary misunderstandings of friends and the unworthy taunts of opponents will not have been borne in vain, when the full results of the present measures of reform show themselves in this country. That passage in his speech in the House of Lords, foreshadowing Mr. Sinha's appointment, with its phrase 'one of the King's equal subjects,' has touched a chord in Indian hearts, which will keep vibrating for some time. It is a passage that will live in the history of this country—in any case it will remain engraved on the hearts of the people. My Lord, I sincerely believe that Your Lordship and Lord Morley have, between you, saved India from drifting towards what cannot be described by any other name than chaos. For, however strong a Government may be, repression never can put down the aspirations of a people and never will.

BUDGET SPEECH, 1910.

[*The debate on the Budget for the year 1910-11 took place under the new rules of the Council on 29th March 1910, His Excellency Lord Minto being in the chair. In the course of the debate, Mr. Gokhale made the following speech* :—]

My Lord, when the Tariff Bill was under discussion in this Council last month, I took the opportunity to offer some general criticism on the Financial Statement which had then been laid before us by my Hon'ble friend the Finance Minister. In the course of that criticism, I had ventured to observe that, in my opinion, the estimates of revenue were under certain heads under-estimates. In reply to that, my Hon'ble friend Mr. Meston told us that it was not usual for any one in this Council to question the accuracy of the figures supplied by the Finance Department. My Lord, I confess I was surprised to hear that statement. My Hon'ble friend will pardon me, if I say that my experience of this Council is much longer than his, and it is not only not correct to say that it is unusual to question the accuracy of these figures, but I should go further and say that the reverse of that statement will be the correct one. It is true that during the last four or five years, no occasion has arisen to question the accuracy of the figures supplied by the Finance Department, but if my Hon'ble friend will turn to the debates of this Council between 1902 and 1905, he will find that, every year, a complaint was made that the estimates of revenue were under-estimates. During the time of Sir Edward Law, no answer was received to this complaint, but in 1905, when His Honour Sir Edward Baker became Finance Minister, he took notice of it and admitted its substantial correctness. If the Hon'ble Member will turn to the Financial Statement of 1905-1906, he will find there a paragraph, called 'Comparison of Estimates with Actuals,' in which Sir Edward Baker observes as follows :—

It is sometimes made a reproach against Government that their estimates of revenue and expenditure are wanting in accuracy, and that the actual results, when made up at the end of the year, are apt to differ somewhat widely from those forecasted in the budget at its beginning. Latterly this charge has taken the form of a suggestion that we habitually under-estimate our revenue and over-estimate our expenditure.

Then, after comparing the practice of England and several of the continental countries, Sir Edward Baker goes on to admit that there was much in that charge that was true. He naturally says all that he can in favour of the old practice, and then proceeds :—

I would not, however, be understood to contend that the criticisms to which I have referred are wholly without justification. That would be an over-statement of the case. Even when allowance is made for the disturbing elements to which allusion has been made above, the figures in the statement in paragraph 52 show that during the last three years the revenue has exceeded the estimate by more than these causes fairly explain. This feature probably has its origin in the former uncertainty of sterling exchange. So long as all growth of revenue and the fruits of all retrenchment were liable to be swallowed up by a fall in exchange, it was common prudence to frame the estimates in the most cautious manner, and to take no credit for developments of revenue until they were absolutely assured. When this factor was eliminated, traditions of excessive caution remained, and due allowance was not always made in the estimates for the normal expansion of the growing heads of revenue.

Here, then, is an admission by a former Finance Minister that for a number of years, it was the habitual practice of the Finance Department to under-estimate revenue owing to causes which have been explained by him. My Lord, this is in reality a small matter; but the statement made by the Hon'ble Mr. Meston, if allowed to remain uncontradicted, might cause serious inconvenience hereafter, because objection might again be taken to any suggestion as to under-estimates or over-estimates. I believe my Hon'ble friend mistook what is a rule for the new Council for the practice of this Council in the past. There is undoubtedly a rule among the new rules that in framing resolutions that a member wants to move, the accuracy of the figures supplied by the Finance Department shall not be questioned. That applies, however, only to

resolutions and not to any general criticism of the financial estimates that may be offered.

My Lord, this year's budget has come upon us all as an unpleasant surprise. The feeling is like that of a person who is walking securely on the ground, and, all of a sudden, discovers a yawning gulf before him. After a great number of years—after ten years—of consecutive surpluses, we first came to a year of a heavy deficit, due, as we then understood, to famine. Then there was what appeared to be a normal year, and we have now another normal year in which, however, extra taxation has been imposed on the people. This circumstance, namely, the levying of extra taxation in a normal year, suggests that something is wrong with the financial position of the country, and in any case, it suggests an inquiry. I have given some attention to this question, and I find that the results are such as to cause apprehension. My Lord, for a correct understanding of this question it is necessary to pass under brief review the finances of the ten years from 1898 to 1908, because our series of surpluses began with the year 1898. From that year we had ten consecutive surpluses ending with the year 1908. Let us, therefore, see what were the special features of the financial position during that time, and what use was made of the prosperous finances of those years by the Government. It will be found that there were four distinctive features of this period. The first was that there was a large saving in the cost of the home remittances of the Government, owing to exchange having established itself at the steady rate of 1*s.* 4*d.* to the rupee in the year 1898. The second was an improvement in the opium revenue, which, before 1898, had been steadily falling for a number of years. The third was the expansion, the more than average expansion, of the ordinary revenues of the country. And the fourth was an improvement in the railway revenues of the Government. These four causes combined to give the Government large surpluses, and the Government utilised the position in the first place to remit a certain amount of taxation and then to sanction a large amount of increased expenditure in various directions.

I would respectfully invite the Council to consider this matter carefully. It has been said by some critics that the present difficulties of Government have arisen from the fact that during those fat years Government remitted taxation which should not have been remitted. Now, my Lord, I must protest strongly against this view. If the Council will look at the amount of taxation remitted during these ten years, it will find that the total of remissions came to about four millions sterling, or six crores of rupees. But owing to the artificial rise in the rupee, the savings of the Government on their home remittances also had come to about five and a half crores of rupees. What had happened was this. The Government had gone on adding tax after tax in the period preceding the year 1898, so as to secure a balance between revenue and expenditure and even a surplus, no matter what the level of exchange was, and thus even when exchange was at its lowest, as it was in the year 1894, namely, at 13*d.* to the rupee, the Government were able to show not only an equilibrium between revenue and expenditure, but also a small margin as surplus. As the exchange value of the rupee steadily went up, the level of taxation remaining the same, it meant a steadily increasing surplus at the disposal of the Government. By the year 1898 exchange established itself firmly in the vicinity of 16*d.* to the rupee. Now, a rise of 3*d.* in the value of the rupee meant a saving of 5½ crores in the cost of home remittances. Therefore, when the Government of India remitted taxation to the amount of 6 crores, they practically gave back to the tax-payers only what they had saved on their home remittances. The remissions were thus not taken out of their ordinary revenue: they merely represented the savings effected in the cost of the home remittances. We may, therefore, put aside these two items, namely, the savings on the home remittances, and the amount of remissions granted to the people, during the period we are considering. So much for remissions of taxation. Let us now consider the amount of increased expenditure sanctioned in different directions. My Lord, the first six years of this period were a period of 'efficiency' or, as one of my friends has said efficiency

with a capital 'E.' The result was that expenditure was pushed up by leaps and bounds in various directions. A comparison of the expenditure for 1908-09, for which complete figures are available, with the year 1898-99, will reveal certain startling results. It will be found, for instance, that the civil expenditure of the country grew during this period by about 16 crores, including in such expenditure the charges of collection, the salaries and expenses of civil departments, miscellaneous civil charges and civil works. I may mention that from the charges of collection, I omit, for obvious reasons, opium and provincial rates, as also refunds and drawbacks and compensations and assignments. The figures for 1908-09, however, include the expenditure for Berar, whereas those for 1898-99 do not. Even then we find that the increase in civil expenditure comes to about 15 crores, the expenditure having risen from about 29 crores to over 44 crores. My Lord, I venture to think that this is an amazing increase. If the Council will compare this increase with the growth of expenditure during the previous ten years, as also with the five years, 1881 to 1886, the contrast will appear most striking. The Council may remember that in 1886, Lord Dufferin's Government found itself in a position somewhat similar to that which the Government of India occupy to-day. From 1881 to 1885 the country had enjoyed what may be called financial prosperity. There was remission of taxation in consequence and also increased expenditure and the result was that when lean years came in 1886 and the frontier policy of the Government necessitated heavy additional military expenditure, Lord Dufferin found himself driven to appoint a committee to carefully inquire into the growth of expenditure; and one of the reasons adduced for the appointment of that committee was that the increase in civil expenditure, had been excessive during the five years which had preceded His Lordship's administration. Now the increase in civil expenditure during those five years had been only about 2¼ crores, the expenditure rising from about 22 crores to about 24¼ crores. And yet this increase was regarded by Lord Dufferin as excessive. Judging by that standard, I wonder, my Lord, what we are to think of the increase of

15 crores in the ten years from 1898 to 1908! Again, taking the period 1888–1898, what do we find? I do not wish to take the Council through a mass of figures, but I will only state the results of my calculations, giving this assurance to the Council, that I have taken every care I could to compare likes with likes only. Taking the period of ten years immediately preceding 1898, we find that the increase in civil expenditure was from about 24⅛ crores to about 29¼ crores, or about 5 crores in ten years against 15 crores in the ten years following 1898. We thus have the following results: if the increase during 1898 to 1908 had been at the same rate as during the five years 1881–1886, when in Lord Dufferin's opinion the civil expenditure had grown enormously it should not have been more than 4½ crores! Had the rate continued to be what it had been during the ten years preceding 1898, the increase would not have been more than about 5 crores! But instead of these figures, we have here an increase of no less than 15 crores! This shows what the era of surpluses has done to push up civil expenditure! Turning next to military charges during this period, we find the same kind of growth. From 1888 to 1898 the military charges grew by about 3 crores a year or from 22¾ crores to 25 crores; but from 1898 to 1908 they rose by about 5¼ crores a year, that is, from 25¾ crores to about 31 crores. The whole position therefore is this, that during the ten years 1898 to 1908, while six crores were remitted in taxation, the annual civil expenditure was allowed to grow by 15 crores and about 5 crores of additional expenditure was incurred every year in connection with the army; this gives an increase of about 20 crores in civil and military expenditure in the course of ten years, or an average growth of 2 crores a year. My Lord, every one must admit that this is a phenomenal increase, considering that the normal growth of revenue ordinarily has been estimated by a previous Finance Minister at only about one crore and twenty lakhs. I think these figures suggested—to my mind they imperatively suggest—the necessity for an inquiry into the growth of civil and military expenditure during the last ten years. This need of inquiry is all the greater because there is a serious situation

in front of us now in connection with opium revenue. We all know that the opium revenue is doomed, that it will be extinguished altogether, if things go on at the present rate, in the year 1917, *i.e.*, in about seven years from now. In this connection, I must express my dissent from my Hon'ble friend Mr. Chitnavis, who has urged that we should ask the Imperial Government to make a contribution to the Indian Exchequer in order to compensate us for the loss of opium revenue. My Lord, I do not think that it will be a dignified course on our part to ask for such a contribution. It is we who have financially benefited in the past by this opium revenue, and it is we who must be prepared to bear this loss when the opium revenue is extinguished, seeing that the stain that will then be wiped away will be wiped away from us. We must face the situation ourselves, and I think if only the Government will be sufficiently careful, it is possible to do, and even do well, with a diminishing opium revenue. But one thing it is now absolutely necessary to do in connection with this opium revenue, and that is that from next year Government should take into account only a steadily diminishing figure as opium revenue for recurring purposes. What I mean is this—the whole of this revenue, which for next year is taken at about 5½ crores net, has to be extinguished in seven years. The Finance Department should therefore take, as ordinary revenue, only a descending series of figures, terminating in zero in seven years, for each succeeding year, and all excess over that figure should be treated as a windfall or extraordinary revenue to be devoted to extraordinary purposes, such as non-recurring expenditure on education, sanitation, and so forth. My Lord, I submit this course should have been adopted three years ago, so that the burden of a diminishing revenue should have been evenly distributed and the great need of retrenchment realised in time. I trust the Council will remember that when His Honour Sir Edward Baker enunciated the new opium policy of the Government of India three years ago, he assured the Council that the sacrifice could be made without a resort to extra taxation. That meant that the steadily widening gap made by a diminution in opium revenue would be met

by economies, unless the growth of revenue under other heads sufficed for the purpose. And yet, here we have my Hon'ble friend, the Finance Minister, coming to the Council in a normal year with proposals for additional taxation on the ground of a diminishing opium revenue! My Lord, recent discussions have made it abundantly clear that the course I am urging is necessary, if a policy of steady retrenchment is to be followed and a sudden financial crisis to be averted. What is happening at present is this: owing to the reduction in the number of chests, the price per chest is rising. Probably this will go on for some time, and we may even reach four thousand rupees per chest. So for some time, the rise in prices will make up, and perhaps even more than make up, for the reduction in the number of chests, with the result that during the next two or three years the Government may not necessarily get a smaller amount as their opium revenue than at present; but when the maximum price is reached, then there will be a sudden and precipitate drop, and in the course of three or four years following the Government will have to be prepared to face the extinction of the whole of this revenue of about 5½ crores. And it is easy to foresee what will then happen. If all of a sudden, say, 2 crores were to be lost in any particular year, I am quite sure that the Finance Minister will again urge the same plea that he has urged this year, that it is not possible to arrange for economies sufficient to cover such a loss at once. And then fresh taxation will again be imposed upon the people as was done this year. Unless, therefore, Government take credit only for a steadily diminishing opium revenue and arrange to keep all excess above that figure as a windfall or extraordinary revenue to be devoted to non-recurring expenditure, I am quite sure they will not feel the same incentive to retrenchment, and the results will be deplorable.

My Lord, I have urged an early, I would even say an immediate, inquiry into the growth of expenditure on two grounds—first, because there has been this vast growth in civil and military expenditure, and secondly, because the opium revenue is to disappear in seven years. I think

the Government has no choice now but to pursue a policy of rigorous retrenchment, and for that a necessary preliminary is an inquiry such as I have suggested. But while the present high scale of charges on both civil and military administration require to be cut down, an increase, and even a large increase, of expenditure is necessary on objects intimately connected with the real well-being of the people—such as primary and technical education, sanitation and relief of agricultural indebtedness. And if retrenchment will not produce the money required for these objects, I for one shall not shrink from advocating additional taxation for the purpose. Only, the resources of retrenchment must first be exhausted, before those of additional taxation are drawn up. My Lord, we feel strongly that the present expenditure on the objects I have mentioned is most inadequate, and unless the Government are prepared to spend far larger sums in these directions, the discontent which we see on all sides at present will not in reality diminish. This question is to us a question of the most vital importance, and it is only in the measure in which the Government deal with it that they will have identified themselves with our best interests.

BUDGET SPEECH, 1911.

[*The Council met on the 27th March, 1911, for the final debate on the Budget, His Excellency Lord Hardinge presiding. Mr. Gokhale made the following speech* :—]

My Lord, I understand that my Hon'ble friend Mr. Gates intends to criticise certain remarks on the financial past of Burma made by me the other day in the course of the debate on my resolution about the growth of public expenditure in this country. In view of that, I had meant to wait till the Hon'ble Member had spoken before rising to speak. As, however, the Hon'ble Member wishes to have the last word in this matter and I do not particularly mind his having the last word, I am quite willing to let him have his way, especially as he has very courteously given me an idea of what he proposes to say and has also given me his permission to reply to his criticism by anticipation. Before I avail myself of that permission, however, I think I should refresh the memory of the Council in connection with the point at issue between the Hon'ble Member and myself. My Lord, the Council will remember that when I moved my resolution urging an inquiry into the growth of public expenditure last January, the Hon'ble Mr. Gates attacked my proposal in a speech which may still be in the recollection of this Council, and in the course of that speech he described the Budget of Bombay as a bloated Budget. When it came to my turn to reply, I indulged in a retort—a retort obvious to all who knew the financial history of Upper Burma; I said that if the Budget of Bombay was a bloated Budget, in any case we paid every penny of it; that when Upper Burma, which had lived for nearly 20 years on other Provinces, refunded to the Government of India what it had drawn from other Provinces, then it would be time for the representative of Burma to speak of other peoples' bloated Budgets. Now, my Lord, the first observation I would like to make in

this matter is this—that I quite recognise that the Hon'ble Mr. Gates only indulged in a sort of bantering expression when he spoke of the bloated Budget of Bombay; but then my retort too was a bantering retort—intended at the time to be a mere debating retort and nothing more. However, like the bantering retorts, which have an element of truth in them, my retort has gone home, and I find some feeling exhibited in the matter even in Rangoon—I have seen articles in Rangoon papers on the subject. As this has happened, I am quite prepared to put all banter aside and to take the question up as a serious question to be argued in a serious spirit, and I will argue it in that way to-day. So far as the proposition that I made last January is concerned, viz., that Upper Burma was not, for nearly 20 years, able to pay its way, that, of course, is a historical fact; any one who knows the financial past of Upper Burma knows that. Upper Burma was annexed in 1886. From 1886 to 1897—a period of eleven years—the accounts of Upper Burma were kept separate, and during all these years, as the Hon'ble Mr. Gates himself will admit, Upper Burma showed a heavy deficit year after year. It was as high as over 2 crores of rupees for the first year, and for the last year it was nearly a crore—about 95 lakhs. Then the accounts of Upper and Lower Burma were put together, and, of course, after that we have no direct means of knowing how much Upper Burma cost the Government of India. But there is plenty of indirect evidence to show that the deficits of Upper Burma continued for about 7 or 8 years more. That means that if the accounts of Upper Burma had continued to be kept separate, it would have been 18 or 19 years before Upper Burma was able to make the two ends meet. So far, therefore, as my actual proposition is concerned, it is absolutely unassailable. The Hon'ble Member, however, may say, 'Oh! you must not take part of a Province like this! And Upper Burma is only a part of the whole Province of Burma!' But even before Upper Burma was annexed, Lower Burma was not paying its way. The utmost that may be conceded for the sake of argument is that Lower Burma was just paying its way when Upper Burma was annexed; still when Upper Burma was joined

to Lower Burma, a deficit ensued, and that deficit had to be made good by the Government of India. Therefore, my position is not shaken even if you put the accounts of Lower Burma with those of Upper Burma. But, my Lord, my Hon'ble friend, the non-official Member from Burma, Maung Bah Too, has most unexpectedly come to my assistance in this matter. He asked for a return the other day, and only 4 or 5 days ago a return was placed by the Government on this table, which is a crushing indictment of the financial position of Burma, even taken as a whole. The return is a Government return, and I shall be glad to know what the Hon'ble Mr. Gates has to say to it. The return shows that from 1860 up to 1903-04 —the year in which the return was prepared—the whole of Burma, Lower and Upper, taken together, had not been paying its way. It was not therefore only Upper Burma, for a period of nearly 20 years, but the whole of Burma for more than 40 years that was not paying its way—I do not know how it has been since; probably things have been slightly better, but they cannot be very different. I am therefore prepared to modify my original proposition that Upper Burma had not paid its way for nearly 20 years and say that the whole of Burma had not paid its way for more than 40 years. If that will please the Hon'ble Member, he may have this proposition—this time made not in banter, but in sober seriousness!

But, my Lord, that is not all. This return, which was prepared by the Accountant-General of Rangoon, tries to give every advantage to Burma in the calculation. For instance, Burma is charged, not with its fair share of Military expenditure, but only with the cost of the troops actually located in Burma, and that is really very small compared with the whole Military expenditure of India. Then, as to non-effective charges in connection with the Army, Burma is charged, not with the usual percentage of 42, but only with a percentage of 33. There are other charges also made on a smaller scale than in the case of the rest of India; and finally there is this significant omission here. The return says that the deficits, shown in the table appended, for more than 40 years, are exclusive of

certain items which have not been taken into account—items for which Burma should be charged, but has not been charged, in this calculation. Thus, Burma is not charged in this return with its share for Civil and Public Works pension and furlough allowances in India; Burma is not charged with its share of the capital cost in connection with telegraphs; Burma is not charged with any contribution to the Royal Navy and Royal Indian Marine; finally, Burma is not even charged for her fair share of the Central Government in India. Exclusive of all these charges and giving every advantage to Burma, this return, prepared by the Accountant-General of Rangoon, and laid by the Government of India on the table of this Council, shows that for more than 40 years the whole of Burma was not paying its way; and as a result we find that Burma is indebted to-day to India to the tune of about 62 crores of rupees. The other day I pointed out that the unproductive debt of India is 37 millions or about 55 or 56 crores of rupees. If Burma had not been with us, we should have had no unproductive debt to-day and have been 6 or 7 crores to the good. It may be contended by the Hon'ble Member that it is not fair to begin the account, as this return does, with the debt charges, due on account of the First and Second Burmese Wars. But it must be remembered that that has been the practice of the Government of India in connection with its own accounts in this country. England has never borne any part of the cost of the wars or of the measures that were necessary to put down the Mutiny, or any other debt that has been raised in this country. India has paid the whole cost of all the wars; India has paid the whole cost of putting down the Mutiny; India has borne the whole responsibility for every debt that has been raised in connection with this country. If Burma wants to be considered separately, then Burma must also be prepared to undergo the same treatment; and that treatment has been applied to Burma by the Accountant-General of Rangoon, with results well worth the study of the Hon'ble Member.

There is one thing more I want to say in this connection. Taking the positions of Burma and Bombay

even to-day, what do we find? It is usual to apply two tests in such comparisons, the test of population and the test of area, to judge as to what is the burden of taxation in a Province. I think both tests are largely fallacious, but if these tests have to be applied, they must be differently to different heads of revenue. For land-revenue and forests, I think, the proper test to apply is the area test; for stamps, registration, assessed taxes and excise, on the other hand, the proper test to apply is the test per head. Applying the tests in this way, I find that Bombay pays per head for assessed taxes, stamps, registration, and excise, Re. 1-9-10 per head, whereas Burma pays Re. 1-6-10 per head. As regards land-revenue and forests, I find that Bombay pays Re. 0-15-3 per square mile, whereas Burma pays Re. 0-13-3, and this in spite of the fact that Bombay is largely handicapped by Sind. Thus, even omitting salt and customs, Bombay taxation is higher than that of Burma.

I will now pass on to offer a few observations on the Financial Statement which the Hon'ble the Finance Minister has laid before this Council. My Lord, the most interesting portion of the Financial Statement is that which deals with the question of Provincial finance. Undoubtedly a very important step forward has been taken and the Hon'ble Member is entitled to speak with legitimate pride of what has been done. When, however, he describes these new Provincial settlements as permanent, a question arises as to whether the use of the term is justified. Looking at the new settlements in a large way, we find that there are four special characteristics which may be noted. The first is that there will be in future a withdrawal of all minute control over the Budgets of Provincial Governments. The second is that the doctrine of contractual responsibility will be enforced rigidly in future in the case of all Provincial Governments. The third is that, as far as possible, Provincial revenues will be derived from portions of growing revenues and that large fixed allotments will not be made hereafter to the Provinces. And the fourth is that a further step has been taken in the direction of the

provincialization of certain revenues, forests in all cases, and excise in the case of Bombay and Eastern Bengal and Assam. Now, these are all very important features, all four of them. But even so, I do not think that the new settlements are likely to be any more permanent than the previous settlements were. Let us consider the matter in some detail.

As regards the withdrawal of minute control over the budgets of Provincial Governments, I think everybody will congratulate the Finance Department on what it has done. It is a very important change, and I think that it will largely free the Local Governments from that unnecessary and vexatious interference of which they had reason to complain. I think this, in some respects, is the most important change which the new settlements make, and it is sure to be attended with excellent results. As regards the doctrine of contractual responsibility, that of course has always been there; and simply because the Hon'ble Member expresses himself with some emphasis on the subjects, it does not mean that it is a new doctrine, though I admit that if he is able to ensure the Local Governments not budgetting for a deficit or borrowing from him whenever their balances fall below the minimum, I think that will be a departure. I do not know, however, how far it will be possible to enforce this in practice. I have my doubts about this. The third change is, no doubt, very important; but the principle of it had already been accepted, and we have now only a further advance in giving the Local Governments a larger proportion of the growing revenues. The advance, however, is so substantial as to reverse the old practice of making fixed allotments to Provincial Governments. In place of that, we have now the Imperial Government receiving a next fixed allotment from the Provincial Governments taken together, and that is a move in the right direction. The last change is also a further extension of a principle already accepted, because registration had already been wholly provincialised, and what the Finance Department has now done is to provincialise forests in all cases and excise in some cases, which is only extending a principle, already accepted, still further.

While, therefore, all the four changes are important, there is nothing in them except in the first—that which relieves the Local Governments of all minute control—which is quite new, though in each case there is a substantial advance. But my fear, my Lord, is that these settlements will not prove any more permanent than the last quasi-permanent settlements, or than even the old quinquennial settlements; I fear that the whole position is such that there cannot be any permanent settlements at the present stage between the Provincial Governments and the Government of India. The root of the mischief lies in this. The Government of India has at its disposal too large a share of growing revenues, and its expenditure is principally confined to the Army and to a few services which are directly under it. The result is that, while there is a continuous tendency to spend more and more on the Army, after those claims are satisfied, large surpluses accrue to the Government of India; and when these surpluses are realised, the Government doles out a portion of them to the Provinces. Now, the Provinces habitually expect these doles and the expectation of the doles is thoroughly demoralising. If therefore you want any element of permanence in your provincial contracts, it is necessary, first of all, to see to it that the Government of India has no large surpluses to dole out to the Provinces, and this can only be ensured by reducing the resources which are at present at the disposal of the Government of India. What I propose, my Lord, is that instead of receiving its whole income from growing revenues, the Government of India should receive large fixed contributions from Provincial Governments, say, up to about one-third or one-fourth of its revenues, the other two-thirds or three-fourths being derived from growing resources. I think in this matter it is desirable to examine the practice of other countries, and there are three countries which can supply some sort of guidance to us on this subject—Switzerland, Germany and America. Switzerland, however, is a very small country, and I will therefore leave it out of consideration. The example which I think we should follow in this matter is that supplied by Germany. America is too advanced for us, because the federal finance of America is

entirely separate from State finance, and it will be a long, long time before we reach that stage, if we ever reach it at all. But in Germany, my Lord, while the empire has its own independent revenues, and the component States have theirs, the component States also make large contributions to the exchequer of the Empire. In fact, nearly one-fourth of the revenue of the Empire is at present derived from fixed contributions from the component States, and about three-fourths is derived from independent sources, such as Customs and Excise and Stamps. Now, I think, this is the direction in which we have to seek a solution of our problem. The Government of India should have about one-third or one-fourth of its revenue derived from fixed contributions made by the Provincial Governments. This will reduce the possibility of large surpluses being realised by the Government of India, and diminish the chances of doles being given to the Provincial Governments. As I have already said, the policy of doles, which has been condemned by successive Finance Ministers, and also by several Members of the Decentralisation Commission, is a thoroughly demoralising policy, and if you want any strong financial responsibility to be felt by Provincial Governments and the doctrine of contractual responsibility to be strictly enforced, you must see to it that this practice of the Government of India giving doles to Provincial Governments year after year is stopped—indeed rendered impossible.

I had intended going into this in some detail, but I see that my twenty minutes are nearly up and I must conclude. I will therefore content myself with making only one or two observations. My Lord, taking the real revenue of the whole of India as estimated in next year's Budget, we may put it down at about 83 crores or 55 millions for the next year. As I explained on a previous occasion, I leave out in this refunds and drawbacks and assignments and compensations, as also the cost of production of opium ; and the Commercial Services I take net. Out of this 83 crores, about four-sevenths is now the revenue of the Government of India and three-sevenths is the revenue of the Local Governments. Now, I think, it

is possible to assign the principal heads to the Imperial and Provincial Governments in such a way that the Local Governments should have at their disposal a little more than the revenue which they at present enjoy, and the Government of India should have at its disposal a little less than what it has at present.

The excess, which the Local Governments will thus get, should come back to the Government of India in the shape of fixed assignments, which, of course, would not be capable of growth, and to that extent the Government of India would have inelastic revenues at its disposal. On the other hand, as the Government of India will have customs-revenue, and as it will realise more and more from this source, I do not think that there wonld be any difficulty as regards the total revenue of the Government of India being sufficiently elastic. I think, my Lord, that the Government of India could and should raise much more revenue from customs than they are doing to-day. In Germany, I find 57 millions are raised by customs; in America 60 millions are raised by customs; so that there is plenty of margin for raising a larger revenue from this source in India. My proposal, therefore, is this, that certain principal heads should be provincialised straight off. I would begin with land revenue, excise and forests, making them over to Local Governments, and such Local Governments as would get from them more than they actually require just now should be called upon to make fixed allotments to the Government of India. As the Government of India's revenue from its own sources, such as customs, grows, more and more of the other heads should be provincialised. So far, the advance has been from centralized finance to decentralized finance. When the process of decentralization is completed—and we are yet a good way from completion—we have to advance from that to federal finance, which should be our goal. And I have indicated briefly how we may gradually proceed towards a federal basis.

There is one matter of some importance on which I would like to say a word before I finish, and that is the question of Provincial taxation raised by my Hon'ble

friend Mr. Quin. My Lord, this is a very important matter, and I quite recognise that Provincial finance will not attain an independent position unless and until Provincial Councils have the powers of taxation; but I think this is a very difficult problem, and things generally will have to advance a great deal before these powers can be safely conferred on those Councils; in any case, I urge, there should be no hurry in regard to this. I think, in the first place, the present practice of discussing Provincial Budgets must be well settled, and the public opinion in the different Provinces must make itself felt by the Provincial Governments much more than it is doing to-day. Secondly, before powers of taxation are conferred on Local Governments, it is necessary that every Local Government should be a Council Government, with a Governor at its head, coming fresh from England. And, thirdly, it is necessary that there should be an elected majority of Members in these Councils. When this position is reached, I think powers of taxation may safely be entrusted to Provincial Councils, but till then I would keep those powers in the hands of this Council. Finally, as regards borrowing, that will have to come after powers of taxation have been conferred, but I fear it will be some time before we are actually able to take these steps.

BUDGET SPEECH, 1912.

[*The Council met on the 25th March, 1912, for the final debate on the Budget, His Excellency Lord Hardinge presiding. Mr. Gokhale made the following speech* :—]

My Lord, I propose to make a few observations to-day on the general state of our finances, but, before doing that, I would like, with Your Lordship's permission, to make one or two references of a personal nature. My Lord, this is the last time when my Hon'ble friend, Sir James Meston, will sit in this Council, at any rate as Financial Secretary, and I would like to take this opportunity to thank him publicly, and in Your Excellency's presence, for all the valuable assistance which he has uniformly given to non-official members during the last three years. Ever accessible, ever courteous, ever helpful, the Hon'ble Member has enabled many of us to perform our duty in this Council better than we could otherwise have done. He has believed whole-heartedly in the new order inaugurated by the recent reforms; and he has also believed in the capacity of non-official members to rise equal to their new responsibilities. And if this Council has not wholly disappointed expectations, the result, at any rate on the financial side of our discussions, is in no small measure due to the sympathetic and generous attitude of the Hon'ble Member towards us. My Lord, our best wishes accompany Sir James Meston in his new and exalted sphere, and I earnestly trust that, when his five years of office are over, he will return again to this Council as Finance Minister. I think, my Lord, there is a great deal to be said in favour of the view that membership of the Government of India should be the last rung of the official ladder in this country, and that those members of the Civil Service who are marked out for Lieutenant-Governorships should complete their tenure of office as heads of Provinces before they come and join the Viceroy's Executive Council.

My Lord, I would next like to say a word about my Hon'ble friend, Sir Guy Fleetwood Wilson. We have all heard that he proposes shortly to go on six months' leave to recruit his health, and we all fervently hope that he will come back at the end of that period with his health fully restored and that he will continue to preside over his Department for the full period of his appointment. My Lord, the *personnel* of this Council on its non-official side will have undergone considerable changes before the Hon'ble Member's return, because in the interval there will be a new election, and, while some of us may possibly not want to come back, the constituencies may not want to send some others back, and therefore it would not be inappropriate if we, non-official members, seek to give brief expression on the present occasion to the great admiration and the very high regard in which we hold Sir Guy Fleetwood Wilson. My Lord, with his mind saturated with the best traditions of English public life of which he was a close observer for many years, the Hon'ble Member's presence in this Council has been simply invaluable to us at a time when our own tradition is slowly evolving here. We have never found Sir Guy Wilson wrapped up in official reserve. He has often presented new points of view to us and he has himself been always anxious to enter into our feelings and our thoughts. And his delightful and high-minded courtesy has made it a pleasure to have anything to do with him. His great familiarity with the principles of Western finance has enabled him to manage our finances wisely and skilfully, and his attachment to the Gladstonian tradition of economy has left its impress on the administration of this country. In regard to our general affairs, too, it is well-known that Sir Guy Fleetwood Wilson's influence has been strongly on the side of popular progress. My Lord, the country needs men of his type in the Government—men of warm sympathies, of sturdy independence, and deep devotion to its truest and best interests; and once again I earnestly express the hope that Sir Guy will come back fully restored to health and will continue his services to India to the furthest limit of time to which they can be stretched.

My last word, my Lord, will be about this great and beautiful city. Speaking at the Calcutta Club the other day, Your Lordship expressed the great regret with which you viewed the prospect of this city soon ceasing to be your winter headquarters in future. May we, non-official members of this Council, ask to be permitted to respectfully join in that regret! I say nothing on this occasion about the great, the momentous, changes which were announced by His Imperial Majesty the King-Emperor at Delhi. Looking into the future with the eye of faith and of hope, I do believe that these changes, whatever temporary inconvenience or dislocation they may occasion, will do good in the end both to the Province of Bengal and to the country taken as whole. But, whatever the future may hold in its womb, the thought that this Council, which has grown from the smallest beginnings to its present dimensions in this city, meets here to-day for the last time, is a thought that must make the heart heavy. My Lord, it is not merely the infinite kindness and hospitality which we members, coming from other Provinces, have always received from the people of Calcutta, it is not merely the friends that we have made here, that we shall miss; it is the entire influence of Calcutta and all that Calcutta stands for that will now be lost to us. Some of us, my Lord, have been coming to this city now for many years—I for one have come here continuously now for eleven years—and we have learnt to feel the same enthusiasm for this wonderful land which the people of Bengal feel. Its waving fields, its noble streams, its rich and wonderful vegetation of every kind, throw on us now the same spell that the people of this Province experience, and the warm-heartedness of its society, its culture, its spiritual outlook on life, and the intensity of its national aspiration have produced a deep and abiding impression upon our lives. My Lord, we bid adieu to this city with profound regret, and with every good wish for its continued prosperity that the heart of man can frame. And we fervently trust that, great as has been its past, its future will be even greater.

My Lord, I will now say a few words on the general state of our finances. We are, as everybody who knows anything about our finances knows, on the eve of a very considerable disturbance in our accepted standards both of revenue and expenditure. There is no question whatever that the financial position of the country, taken as a whole, is both sound and strong; but the fact that we are on the eve of this disturbance makes it necessary that there should be a careful and comprehensive examination of the whole position. On the one side, my Lord, our opium-revenue will soon be extinguished; on the other side, heavy and continuously increasing additions will be necessary to our expenditure on certain services, specially education and sanitation. Then, my Lord, I hope, I most earnestly hope, that our military expenditure, the burden of which we have so long borne patiently, and which is really far beyond our capacity to bear, will be materially lightened as a result of the labour on which Sir William Nicholson and his Committee will soon enter. I therefore suggest that this is just the juncture when a comprehensive inquiry into the whole financial position may be undertaken by a strong Royal Commission. There are three outstanding features of the position. A top-heavy administration, much too costly for our resources, a crushing weight of military burdens, and a scheme of taxation which, though not much more burdensome in its total incidence than in other countries, presses much more heavily on the poorer than on the middle and the upper classes of the community. These are the outstanding features of our financial position. India, it must always be borne in mind, is a very poor country, and the largest revenue that we can possibly raise must be small, judged by the standards of the West. The question, therefore, as to how to adjust our revenue to our growing requirements in certain directions is one of prime importance. My Lord, I, for one, shall be glad when our opium-revenue disappears; not only because I feel it to be a stain on us, but also because its presence in an uncertain state is very inconvenient from the standpoint of economy. The uncertainty that invests it is a great disturbing factor in our budget, and the large

surpluses which it brings to the Government, however convenient they may be for certain purposes, cannot but be demoralizing in their effect on economy, because the strongest Finance Minister, with the utmost insistence that he can lay on rigid economy, cannot resist a certain amount of wasteful expenditure in the presence of such large surpluses. When the opium-revenue disappears—and I understand that it will not take long now before it disappears—we shall be in a position to know where exactly we stand, and then it is that certain questions will require to be taken into serious and careful consideration, so that a definite financial policy may be laid down for the country which should be adhered to in all essentials, independently of the particular views or inclinations of individual Finance Members. The questions that require specially to be considered are how to re-adjust our old taxation so that its incidence should press less severely on certain classes—the poorest classes of the country; how to widen, if necessary, the present basis of taxation so that more money may be found for education, sanitation, and similar services; in what directions expenditure must be kept down, and in what directions expenditure must be increased. We want enquiry into these things by a strong Commission so that the future may be shaped in accordance with a definite policy laid down, after taking a comprehensive view of the whole question. For instance, my Lord, I hold that we can raise a much larger revenue than we do at present from our Customs without its proving burdensome to any section of the community. The possibility of raising revenue from certain sources, which at present yield nothing, must also be publicly examined. Then there is the question of reducing the State demand on land, especially in raiyatwari tracts, and the extension of the permanent settlement to areas where it does not at present exist, subject to the condition that agricultural incomes above a certain minimum should be liable to pay the income-tax. There is also the question as to how larger recurring grants for local bodies may be provided so that they should be better able than at present to perform their duties satisfactorily, and how provision may be made

for steadily expanding allotments to education, sanitation, and medical relief. I therefore urge that when the opium-revenue is about to disappear, the occasion should be utilised to appoint a strong Royal Commission to consider the whole subject of the basis of our taxation and the probable future course of our expenditure. One important reason why such an inquiry is necessary is the extreme rapidity with which the *personnel* of the Government changes in this country. A Finance Minister, or any other member of Government, holds office for only five years; he takes some time to make himself acquainted with the problems of his department or the state of things in the country, and by the time he is in a position to handle important questions well, the time also comes for him to think of leaving. If members of Government were to remain in this country after their retirement, the knowledge and experience which they acquired in their respective offices would still be available to us. What happens at present is that every successor has to begin not where his predecessor ended but his predecessor also began, and thus a large amount of most useful and necessary knowledge is repeatedly lost and has to be repeatedly acquired over and over again, with the result that we seem to be living more or less from hand to mouth and without a large settled policy adopted as a result of wide and thorough knowledge and ample discussion.

I, therefore, urge, my Lord, that when the opium-revenue is about to be extinguished, as we understand it will soon be, the Government should take steps to appoint a Royal Commission so that the whole financial position of the country may be carefully examined.

HOUSE ACCOMMODATION IN CANTONMENTS.

[*At a meeting of the Imperial Legislative Council held on Friday, the 14th February 1902, His Excellency Lord Curzon presiding, the Council considered the Report of the Select Committee on the Bill to make better provision for securing house accommodation for officers in Cantonments. The Hon. Mr. Pugh moved that in clause 2, sub-clause (1) of the Bill, as amended by the Select Committee, the definition of "grantee" be omitted. In supporting the amendment, the Hon. Mr. G. K. Gokhale spoke as follows* :—]

Your Excellency,—As Government have been pleased to accept the amendment moved by the Hon'ble Mr. Pugh, I do not think it is necessary for me to say anything in support of it; but, if Your Excellency will bear with me, I will, following the example of my Hon'ble friend Mr. Bilgrami, make a few observations on the general character of the measure which the Council are invited to pass to-day. My Lord, it is true that I have signed the Report of the Select Committee subject to dissent in one particular only, but I don't mind confessing that I regard all legislation of this nature with a considerable amount of misgiving. I am free to recognise that Government have been by no means precipitate in proceeding with this measure, as it has been before the public, in one form or another, for nearly thirteen years. I also recognise that large and important modifications have been introduced into the Bill to soften the stringency of its original provisions, and now that Government have accepted the amendment of which the Hon'ble Mr. Pugh had given notice, I think they have done nearly all that lay in their power, short of dropping the Bill, to provide what have to be considered as reasonable safeguards to protect the legitimate interests of house-owners in cantonments. But, my Lord, when all this is admitted—and I make the admission most gratefully—the fact remains that legislation of so exceptional a character, interfering as it does with

the normal freedom of contract between house-owners and tenants, can be justified only on grounds of the strongest necessity: and there is ample evidence in the opinions and memorials laid before the Select Committee to show that in the case of a large number of cantonments such necessity does not exist. In these cantonments, no difficulty has been experienced in the past in the matter of obtaining house accommodation for military officers, the number of bungalows available being largely in excess of military requirements, and a certain proportion of these bungalows remaining, as a matter of fact, vacant from year to year. Poona is a typical instance of this class of cantonments. It has been estimated that the number of military officers requiring house-accommodation in Poona is about 160; while the number of bungalows in Military lines is over 200. Now all these 160 officers do not take a house each. The younger officers generally prefer chumming, three or four in a house. A considerable number reside in the Western India Club and in hotels and a few live even in Civil lines. The result is that every year a certain number of houses remain without tenants. It may be urged that it is not intended to put the proposed enactment into operation at once in all cantonments throughout India. That is true; but as soon as the Bill is passed, the matter gets out of the hands of the Legislature, and then it is all a question of the discretion of Government in their executive capacity, which, it will be admitted, is quite a different thing. I do not say that this discretion will not, as a rule, be wisely exercised, but it is conceivable that a Local Government may not always be able to withstand the pressure of the military authorities, who would naturally not be reluctant to be armed with the drastic powers which this Bill vests in them, when once the Act is extended to a cantonment. And I think there is reason to fear that the operation of this enactment, with all the safeguards it contains, is likely to prove in practice more or less prejudicial to the interests of house-owners. The Legislature, my Lord, may make the letter of the law as severely impartial as it can. The law itself has to be enforced through the medium of human beings, who are not free from prejudice. And in the present case, it will be worked

by military men, who are so accustomed to prompt and unquestioning obedience that they are often not likely to trouble themselves much about nice points of law in enforcing their wishes. The Bill provides for referring all important matters of disagreement between house-owners and tenants to Committees of Arbitration. It remains to be seen how far the safeguard of these Committees proves to be effective in practice. Past experience of these bodies in cantonments is not very encouraging. On this point I need quote no other testimony than that of the Hon'ble Mr. Hardy, who has described his experience of these Committees in the following terms:—'I have been a member on these Committees, and I am bound to say I thought their tendency was to be hard on the house-owner.' Let us hope that the Arbitration Committees that will be constituted under the proposed enactment will give greater satisfaction. In one respect the Bill is certain to cause loss to house-owners. Where a non-military tenant is ejected in favour of a military tenant under the coercive clauses of the Bill, the house is sure to be shunned by non-military tenants after that, and so, if at any time the house-owner fails to get a military tenant for it, it is likely to remain without a tenant. I have made these observations to emphasize respectfully the great need there is for exhausting all ordinary remedies before resorting to the somewhat violent disturbance of the normal relations between house-owners and tenants which this Bill authorises, especially in the case of those cantonments in which the inconvenience complained of in the preamble of the Bill has not assumed serious dimensions and where the requirements of the military are of a fixed character. I believe, in such cantonments, Government might, with advantage, try the plan of selecting themselves the required number of bungalows once for all, and requiring their officers to occupy them for fixed rents. Such an arrangement, I submit, will be more equitable than that contemplated in the Bill, because there will be a reciprocity of obligations under it. For if house-owners will be thereby required to place their bungalows at the disposal of military officers, these latter, in their turn, will be bound to occupy

them; and the chances of friction between house-owners and military officers will be minimised. Of course, where the evil mentioned in the preamble has grown so serious that such a simple plan will not be practicable, the proposed enactment will have to be enforced, for no one can question the fact, that cantonments exist primarily for the accommodation of military men, and they must fulfil that purpose under any circumstances. But in regard to these cantonments, *i.e.*, where it will be found necessary to enforce the new law, I would venture to make one suggestion, and that is, that Government should publish every year a statement showing the number of cases in which the coercive clauses of the Bill have been enforced during the year. I think the mere fact that such a return will have to go up to the Government will tend to sober the excess of zeal on the part of cantonment authorities and will prove a salutary addition to the safeguards which have been already provided in the Bill. My Lord, it was not possible for me to bring up these suggestions in the shape of amendments, and I thought I might submit them to the consideration of Government in the course of this discussion.

THE OFFICIAL SECRETS ACT.

[*At a meeting of the Imperial Legislative Council, held on Friday the 4th December 1903, the Hon'ble Sir T. Raleigh presiding, the Hon. Mr. A. T. Arundel moved that the Bill to amend the Indian Official Secrets Act, 1889, be referred to a Select Committee. The Hon. Mr. G. K. Gokhale opposed the motion in the following speech*:—]

Sir, this Bill, both in its principle and its details, is open to such grave objection that it is a matter for profound regret that Government should ever have thought of introducing the measure. The *Englishman*, in a recent issue, describes the Bill as calculated to Russianize the Indian Administration, and says that 'it is inconceivable that such an enactment can be placed on the Statute-book even in India.' This, no doubt, is strong language, but I think, it is none too strong, and in view of the quarter from which it comes, it should give Government pause. Fourteen years ago, when the Indian Official Secrets Act was passed, there was no discussion in the Council, as the measure was introduced and passed at Simla. But there were two considerations in its favour: first, that a similar Act had already been passed in England and it was applicable to all the dominions of His Majesty, including India, and so the Indian Act was a mere Indian edition of the English Law already in force in India; and, secondly, it related principally to Naval and Military Secrets, and it could be argued that, as such secrets concerned questions of the country's safety, it was necessary for Government to have drastic powers for preventing their disclosure. The present Bill, however, proposes to make alterations of so astounding a nature in that Act that it is difficult to speak of them with that restraint which should characterize all utterances in this Chamber. To state the matter briefly, the Bill proposes to make three principal changes in the old Act: first, it proposes to place Civil matters on a level with Naval and Military matters; secondly, in place

of the present provision that a person who enters an office *for the purpose of wrongfully obtaining information* is liable to be punished under the Act, it is now proposed to enact that whoever, 'without lawful authority or permission (the proof whereof shall be upon him), goes to a Government office,' commits an offence under the Act; and, thirdly, it is proposed to make all offences under the Act cognisable and non-bailable. Now, Sir, it is difficult to imagine that any responsible officer of Government conversant, in any degree, with the administration of the country, and possessing the least regard for the professed character of British rule, could have drafted these amendments. Take the first proposal to place Civil matters on a level with Naval and Military matters. The Civil administration of the country ranges from the highest concerns of State policy which engage the attention of the Viceroy down to the pettiest detail of the routine work of a village official. The word 'secret' is nowhere defined, and it must, therefore, include all official information not authoritatively notified by the Government to the public. And I want to know if it is seriously intended to make the publication of even the most trivial news in connection with this vast Civil administration of the country penal—such news, for instance, as the transfer of a Government officer from one place to another—unless it has first appeared in a Government resolution or any other official notification. And yet this would be the effect of the proposed amendment. The *Englishman* calls this Russianizing the administration, and he is entitled to the thanks of the public for his powerful and disinterested criticism. For the Bill, even if it becomes law, will not in practice affect him or the other editors of Anglo-Indian papers. I would like to see the official who would venture to arrest and march to the police thana the editor of an Anglo-Indian paper. But so far as Indian editors are concerned, there are, I fear, officers in this country, who would not be sorry for an opportunity to march whole battalions of them to the police thana. It is dreadful to think of the abuse of authority which is almost certain to result from this placing of Indian editors, especially the smaller ones among them, so completely at the mercy of those whom

they constantly irritate or displease by their criticism. It might be said that, while Government have no objection to the authorised publication of official news of minor importance, they certainly want to prevent the publication of papers, such as the confidential circulars about the wider employment of Europeans and Eurasians in the Public Service, which were published by some of the Indian papers last year. Now, in the first place, the Bill does not distinguish between matters of smaller and greater importance. And, secondly, even on the higher ground on which the measure may be sought to be defended, I submit that the Bill, if passed into law, will do incalculable mischief. I think, Sir, that in a country like India, where Naval and Military secrets require to be protected, if anything, with even greater strictness than in England, the very reverse is the case with matters concerning the Civil administration. The responsibility of the Government to the people in this country is merely moral; it is not legal, as in the West. There is no machinery here, as in Western countries, to secure that the interests of the general public will not be sacrificed in favour of a class. The criticism of the Indian Press is the only outward check operating continuously upon the conduct of a bureaucracy, possessing absolute and uncontrolled power. I can understand the annoyance caused to the officers of Government by the publication of circulars, such as were made public last year. But are Government wise in permitting this feeling of annoyance to so influence them as to make them come forward with a proposal to close an obvious safety-valve and drive popular discontent inwards? The proper and only remedy, worthy of the British Government, for whatever is really deplorable in the present state of things, is not to gag newspapers as proposed in this bill, but to discourage the issue of confidential circulars which seek to take away in the dark what has been promised again and again in Acts of Parliament, the Proclamations of Sovereigns, and the responsible utterances of successive Viceroys. From the standpoint of rulers, no less than that of the ruled, it will be most unfortunate if Indian papers were thus debarred from writing about matters which agitate the Indian community

most. What happened, for instance, last year, when those circulars were published? For some time before their publication, the air was thick with the rumour that Government had issued orders to shut out Indians from all posts in the Railway Department, carrying a salary of Rs. 30 and upwards a month. It was impossible to believe a statement of this kind, but it was not possible to contradict it effectively when it was practically on every tongue. The damage done to the prestige of Government was considerable, and it was only when the circulars were published that the exact position came to be understood. The circulars, as they stood, were bad enough in all conscience, but they were not so bad as the public had believed them to be. What was laid down in them was not that Indians were to be shut out from all appointments higher than Rs. 30 a month, but that Eurasians and Europeans were to have, as far as practicable, a preference in making appointments to such posts. The fear that such lamentable departures from the avowed policy of Government might be dragged into the light of day act at present as an effective check on the adoption of unjust measures, and I think it will have a disastrous effect on the course of administration, if this check were to be done away with and nothing better substituted in its place. As regards the second amendment, which would make a man's merely going to an office without lawful authority or permission an offence, I am sure Government have not considered what this will mean in practice. A very large amount of the work of lower officials is transacted by the people concerned going to their offices without permission expressly obtained. Petitioners, for instance, often have to go to offices for making inquiries about what has happened to their petitions. They rarely receive written replies, and it will now be in the power of any police officer to get a man against whom he has a grudge, or from whom he wants to extort anything, into trouble by alleging that he had gone to an office of Government 'without lawful authority.' This will be putting a most dangerous power into the hands of the lower police, about whose character, as a class, the less said, the better. Even an innocent friendly visit by a private individual to an

official friend of his at the latter's office can, under this Bill, be construed into an offence. I am sure nothing could be farther from the intention of Government, and I am astonished that greater care was not taken in drafting the Bill to confine it to the object Government had in view. Lastly, it is proposed to make offences under this Act cognizable and non-bailable—which means that a person charged with an offence under this Act is to be arrested at once, but he is not to be liberated on bail—and yet there is to be no trial till the sanction of the Local Government has been obtained. This may take weeks and even months, and finally, it may never be accorded, and the person arrested is all the while to rot in detention. I cannot understand how a procedure so abhorrent to ordinary notions of fairness should have commended itself to Government. The only redeeming feature in this most deplorable business is that among the opinions which the Government of India have received from their own officers, there are some that strongly deprecate the measure—at least in its more serious aspects. And I think it is a matter for special satisfaction that the Government of Bengal has spoken out so plainly against placing Civil matters on a level with the Naval and Military. Sir, I protest against the very introduction of this Bill. I protest against the spirit in which it has been conceived. I protest against its provisions generally. And as I cannot imagine any possible amendment of the measure which can make it acceptable to me, my only course is to vote against this motion to refer it to a Select Committee.

[*At a meeting of the Imperial Legislative Council held on Friday the 4th March 1904, His Excellency Lord Curzon presiding, the Hon'ble Sir A. T. Arundel moved that the Report of the Select Committee on the Bill to amend the Official Secrets Act, 1889, be taken into consideration. The Hon'ble Mr. G. K. Gokhale then spoke as follows*:—]

My Lord, I desire to say a few words on the Bill as amended by the Select Committee before this motion is put to the vote. When the Bill was referred to the Committee in December last, my Hon'ble friend Nawab Saiyid Muhammad and myself deemed it our duty to enter an

emphatic protest against the general character and the leading provisions of the proposed measure, because in the form in which it then stood, it was impossible to have any patience with the Bill. Since then, however, thanks to the assurances given by Your Lordship on your return to Calcutta, and the conciliatory attitude adopted by the Hon'ble Member in charge of the Bill in the Select Committee, the Bill has been largely altered, and I gladly recognize that several most objectionable features have either been wholly removed or have been greatly softened. Having made this acknowledgment, I deem it necessary, my Lord, to submit that unless the Bill is further amended on the lines of the more important amendments of which notice has been given, the alterations made so far will fail to allay the apprehensions that have been so justly aroused. My Hon'ble friends Mr. Bose and Nawab Saiyid Muhammad and myself have signed the Report of the Select Committee subject to dissent only on two points, and we have expressed that dissent in the mildest terms that we could possibly find to convey our meaning. We did this both to mark our sense of the conciliatory manner in which the Hon'ble Member in charge of the Bill received many of our suggestions, and in the hope that, by thus removing from our dissent all trace of the angry criticisms to which the Bill has been subjected, we might make it easier for Government to proceed further in the direction of meeting the objections urged by the public. My Lord, I earnestly trust that in this hope we shall not be altogether disappointed. I do not wish to anticipate anything I may have to say when the amendments of which I have given notice come up for consideration. But I cannot let this motion be put to the vote without saying that the Bill, even as amended, is open to serious objection, that no case has been made out for it, that the safeguards to which the Hon'ble Member referred in presenting the Report of the Select Committee are more or less illusory, and that unless the Bill is further amended, it must tend unduly to curtail the liberty of the Press, not so much perhaps by what Government may actually do, as by the fear of what they may do. The striking unanimity with which the entire

Press of the country, Anglo-Indian as well as Indian, has condemned the measure must convince the Government that the opposition to the Bill is not of a mere partisan character, but that it is based upon reasonable grounds, which it is the duty of Government to remove. If, however, Government are not prepared to do this, I would respectfully urge even at this last moment that the Bill should be abandoned altogether.

[*At the same meeting the Hon'ble Mr. Gokhale moved that in clause 2 of the Bill as amended, in the proposed definition of "affairs," in sub-clause (b) the words "or any other matters of State" be omitted. He said*:—]

Government are no doubt aware that these are the words to which the greatest exception has been taken both by the Press and by public associations in the country, and if this proposal to omit them is accepted, the greater part of the opposition to this measure will, I think, disappear. On the other hand, if the words are retained, they will render the attempted definition of 'civil affairs' practically valueless, by conferring on Government almost as wide and dangerous a power to interfere with the liberty of the Press as under the original Bill. My Lord, a definition is no definition unless it specifies, or at any rate indicates with some degree of definiteness, what it is that is intended to be included within its scope, so that a person of average intelligence may have no difficulty in understanding that scope. In the present case, this test fails altogether on account of the use of such vague and all-embracing words as 'any other matters of State' in this attempted definition. I see that the Hon'ble Sir Arundel has given notice of an amendment to insert the word 'important' before the words 'matters of State.' Any other important matter of State is, however, as vague and may be made as all-embracing as the expression 'any other matters of State,' and I do not think the Hon'ble Member's amendment will improve matters in any way. It may be argued, as the Hon'ble Member did when presenting the Report of the Select Committee, that the definition of 'civil affairs,' even as it stands, need cause no apprehension; because, before any conviction is obtained,

Government would have to prove (1) that the information published was of such a confidential nature that the public interest had suffered by its disclosure; (2) that it had been wilfully disclosed; and (3) that the person disclosing it knew that in the interest of the State he ought not to have disclosed it at that time. Now, my Lord, these safeguards look very well on paper; but I fear in practice they will not be found very effective. When the Government come forward to prosecute a newspaper on the ground that it had disclosed confidential information relating to matters of State, and that such disclosure had harmed public interests, I am afraid a great many Magistrates in India will require no other proof than the opinion of Government to hold that the information published was confidential, and that it had prejudicially affected the interests of the State. As regards wilful communication, that too will be held to be established as a matter of course, unless the newspaper proves that the publication was due to inadvertence. The knowledge on the part of the editor that such publication should not have been made at the time in the interests of the State will, no doubt, strictly speaking, be more difficult to prove, but Magistrates of the average type in India, in the peculiar relation in which they stand to the Executive Government, will not be very reluctant to presume such knowledge from the fact that the information published was regarded by Government as confidential, and from other attendant circumstances. Let me take, as an illustration, the publication last year by some of the Indian newspapers of a confidential circular addressed to railway authorities in this country by the Under-Secretary to the Government of India in the Public Works Department in the matter of the wider employment of Europeans and Eurasians. My Lord, in the statement made by Your Lordship in December last on the subject of the Official Secrets Bill, Your Lordship was pleased to state that I had directly attributed the introduction of this Bill to the annoyance caused to Government by the publication of this circular. May I respectfully ask leave to correct this misapprehension? I had mentioned this circular only to illustrate my meaning as to the distinction

which I thought Government might make between civil matters of smaller and of greater importance. My exact words were: 'It may be said that, while Government have no objection to the unauthorized publication of official news of minor importance, they certainly want to prevent the publication of papers such as the confidential circulars about the wider employment of Europeans and Eurasians in the public service, which were published by some of the Indian papers last year.' And later on, when I spoke of the annoyance caused to the officers of Government, I spoke of 'the annoyance caused by the publication of circulars such as were made public last year.' I had thus used the circular only for the purpose of an illustration, and I beg leave to use it for a similar purpose again to-day. It is probable that, as this circular had been issued without Your Lordship's knowledge or the knowledge of the Member in charge of Public Works as stated by Your Lordship on a previous occasion, Government would not sanction a prosecution in this case; but supposing for the sake of argument that they did, how would the matter stand? Government might urge that the publication of the circular had inflamed the minds of many Hindus, Muhammadans and Parsis against the Government and had thus led to increased disaffection in the country. And if the trying Magistrate came to accept this view, the task of the prosecution would be comparatively simple. The injury to public interests would be held to lie in the alleged increased disaffection, and the circular being confidential, the Magistrate would have no difficulty in holding that the publication was wilful; and the editor would be presumed to have known what the consequences of such a publication would be. It may be that on an appeal to the High Courts or similar authority, the conviction may be set aside. But the worry and expense caused to the editor by such a prosecution might, in themselves, prove a heavy punishment, especially when it is remembered that the prosecution would have behind it all the prestige, power and resources of the Government. Even if no prosecution were actually instituted by the Government under the proposed legislation, the mere fact that the Government was armed with the power to

prosecute cannot fail to affect prejudicially the liberty of the Press in this country. My Lord, nowhere throughout the British Empire is the Government so powerful relatively to the governed as in India. Nowhere, on the other hand, is the Press so weak in influence, as it is with us. The vigilance of the Press is the only check that operates from outside, feebly, it is true, but continuously, upon the conduct of the Government, which is subject to no popular control. It is here, therefore, if anywhere, that the Legislature should show special consideration to the Press, and yet here alone it is proposed to arm Government with a greater power to control the freedom of the Press than in any other part of the Empire. My Lord, we often hear Government complaining of the distrust shown by the people in this country, and the people complaining of the Government not trusting them enough. In such a situation, where again the question is further complicated by a tendency on the part of the Government to attach undue importance to race or class consideration, the wisest and safest and most statesmanlike course for it is to conduct its civil administration as far as possible in the light of day. The Press is, in one sense, like the Government, a custodian of public interests, and any attempt to hamper its freedom by repressive legislation is bound to affect these interests prejudicially, and cannot fail in the end to react upon the position of the Government itself. My Lord, I fear, that the retention of the words 'or any other matters of State' in the definition of 'civil affairs' will unduly curtail the liberty of the Press in India, and I, therefore, move that these words be omitted from the definition.

[*At the same meeting, the Hon. Mr. A. T. Arundel having moved that the Bill, as amended, be passed, the Hon. Mr. Gokhale opposed the motion in the following speech*:—]

My Lord, the motion now before the Council is only a formal one. But as it marks the conclusion of our discussion of this important measure, I would like to say a few words. My Lord, I greatly regret that Government should not have seen their way to accepting even a single one of the more important amendments of which notice

had been given. This is the first time within my experience that a legislative measure has been opposed by all classes and all sections of the public in this country with such absolute unanimity. Of course with our Legislative Councils as they are constituted at present, the Government has the power to pass any law it pleases. But never before, I think, did the Government dissociate itself so completely from all public opinion—including Anglo-Indian public opinion—as it has done on the present occasion. I recognize that the responsibility for the good administration of the country rests primarily on the shoulders of the Government. But it is difficult to allow that this responsibility can be satisfactorily discharged, unless the Government was supported in its legislative and executive measures by some sort of public opinion. My Lord, Your Lordship has often declared that it was your constant aspiration to carry the public with you as far as possible in all important acts of your administration. I do not think it can be said that that aspiration has been in the smallest degree realized in the present case. The whole position is really most extraordinary and very painfully significant. Here we had a law, already in force, identical in character and identical in wording with the law obtaining in the other parts of the British Empire. The British Government in England, with its vast naval and military concerns and its foreign relations extending over the surface of the whole globe, has not found its law insufficient for its purpose. How then has the Government of India, with its more limited concerns, found it necessary to make the law more drastic in India ? The explanation, I think, is simple. It is that, while in England the Government dare not touch the liberty of the Press, no matter how annoying its disclosures may be, and has to reconcile itself to the latter regarding them as only so much journalistic enterprise, in India the unlimited power which the Government possesses inclines it constantly to repressive legislation. This single measure suffices to illustrate the enormous difference between the spirit in which the administration is carried on in England. My Lord, as the Bill is still open to serious objection, I must vote against this motion to pass it.

THE INDIAN UNIVERSITIES ACT.

[*At a meeting of the Imperial Legislative Council, held on Friday the 18th December 1903, His Excellency Lord Curzon presiding, the Hon. Sir T. Raleigh moved that the Bill to amend the law relating to the Universities of British India be referred to a Select Committee. In opposing the motion, the Hon. Mr. G. K. Gokhale made the following speech* :—]

My Lord, as this is the occasion on which the principle of the Bill may be usefully discussed, I cannot give a silent vote on the motion now before us, especially in view of the great attention which this subject has received during the last three years at the hands of both the Government and the public, and the angry controversy which has raged round it for most of the time. In the course of the Budget Debate of last year, Your Lordship, while referring to the attitude of the educated classes of this country towards University Reform, was pleased to observe—' Surely there are enough of us on both sides, who care for education for education's sake, who are thinking, not of party-triumphs, but of the future of unborn generations, to combine together and carry the requisite changes through.' My Lord, I do not know if my claim to be regarded as one of such persons will pass unchallenged. But this I venture to say for myself: I hope I have given, in my own humble way, some little proof in the past of my interest in the cause of higher education; and that, in the observations which I propose to offer to-day, the only consideration by which I am animated is an anxious regard for the future of Western education in this land, with the wide diffusion of which are bound up in large measure the best interests of both the Government and the people. My Lord, in your Budget speech of last year, Your Lordship complained of the unnecessary distrust with which the educated classes regarded the attitude of the present

Government towards higher education. I can assure Your Lordship that, even among those who have not been able to take the same view of this question as Your Lordship's Government, there are men who regret that the difficulties which already surround a complicated problem should be aggravated by any unnecessary or unjustifiable misapprehension about motives. But is it quite clear that the Government itself has been free from all responsibility in this matter, and that it has given no cause whatever for any misapprehension in regard to its object? Let the Council for a moment glance at the circumstances which have preceded the introduction of this Bill. More than two years ago, Your Lordship summoned at Simla a Conference of men engaged in the work of education in the different Provinces of India. Had the Conference been confined to the educational officers of Government, one would have thought that Government was taking counsel with its own officers only, and of course there would have been no misunderstanding in the matter. But the presence of Dr. Miller at the Conference at once destroyed its official character, and gave room for the complaint that the deliberations were confined to European educationists in India only. The fact that the proceedings of the Conference were kept confidential deepened the feeling of uneasiness already created in the public mind by the exclusion of Indians from its deliberations. Later on, when the Universities Commission was first appointed, its composition, as is well known, afforded much ground for complaint; and though, to meet public opinion half way, Your Lordship took the unusual step of offering a seat on the Commission, almost at the last moment, to Mr. Justice Guru Das Banerjee, the objection remained that, while missionary enterprise was represented on the Commission in the person of Dr. Mackichan, indigenous enterprise in the field of education was again left unrepresented. The hurried manner in which the Commission went about the country and took evidence and submitted its report was not calculated to reassure the public mind. Finally, the holding back of the evidence, recorded by the Commission, on the plea that its publication would involve unnecessary expense, was very unfortunate, as other

Commissions had in the past published evidence ten times as voluminous and the question of economy had never been suggested. Now, my Lord, every one of these causes of complaint was avoidable and I cannot help thinking that a good deal of the apprehension, which every right-minded person must deplore, would have been avoided, if Government had been from the beginning more careful in this matter. The task of reforming the University system in India was, in any case, bound to be formidable, and it was much to be wished that it had been possible to examine the proposals of Government on their own merits, in the clear light of reason, unobscured by passion or prejudice or misapprehension of any kind, on one side or the other.

A misapprehension of the motives of the Government cannot, however, by itself explain the undoubted hostility of the educated classes of this country to the present measure. And it seems to me to be clear that this sharp conflict of opinion arises from the different standpoints from which the question of higher education is regarded by the Government and the people. In introducing this Bill the other day at Simla, the Hon'ble Mr. Raleigh asked at the outset the question 'whether English education has been a blessing or a curse to the people of India,' and he proceeded to give the following reply :—

> In point of fact it has been both, but much more, I believe, a blessing than a curse. We note every day the disturbing effects of a new culture imposed upon learners who are not always prepared to receive it; but still it is a great achievement to have opened the mind of the East to the discoveries of Western science and the spirit of English law. To the Schools and Colleges under our administration we owe some of the best of our fellow workers—able Judges, useful officials, and teachers who pass on to others the benefit which they have received. To them also we owe the discontented B. A., who has carried away from his college a scant modicum of learning and an entirely exaggerated estimate of his own capacities, and the great army of failed candidates, who beset all the avenues to subordinate employment.

Here then we have the principal objection to the present system of University education authoritatively stated, namely, that it produces the discontented B.A.,

and a great army of failed candidates. The Hon'ble Member describes these classes as a curse to the country, and he claims that his proposals are intended to abate this evil. Now, my Lord, I would, in the first place, like to know why 'the army of failed candidates, who beset the avenues to subordinate employment' should be regarded as a curse by the Government any more than any other employer of labour regards as a curse an excess of the supply of labour over the demand. These men do no harm to anyone by the mere fact that they have failed to pass an examination or that they seek to enter the service of Government. Moreover, unless my Hon'ble friend is prepared to abolish examinations altogether, or to lay down that not less than a certain percentage of candidates shall necessarily be passed, I do not see how he expects to be able to reduce the evil of failed candidates. The Colleges on the Bombay side satisfy most of the conditions that the Hon'ble Member insists upon, and yet the problem of the failed candidates is as much with us there as it is here. As regards the discontented B.A., assuming that he is really discontented, will the Hon'ble Member tell me how his proposed reconstitution of the Universities will make him any more contented? Does he not know that Indians, educated at Oxford or Cambridge, who bring away from those Universities more than a 'scant modicum of learning' and a by no means 'exaggerated estimate of their own capacities' are found on their return to India to be even more 'discontented' than the graduates of the Indian Universities? The truth is that this so-called discontent is no more than a natural feeling of dissatisfaction with things as they are, when you have on one side a large and steadily growing educated class of the children of the soil, and on the other a close and jealously-guarded monopoly of political power and high administrative office. This position was clearly perceived and frankly acknowledged by one of the greatest of Indian Viceroys—Lord Ripon—who, in addressing the University of Bombay in 1894, expressed himself as follows:—

I am very strongly impressed with the conviction that the spread of education and especially of Western culture, carried on as it is under the auspices of this and the other Indian Universities

imposes new and special difficulties upon the Government of this country. It seems to me, I must confess, that it is little short of folly that we should throw open to increasing numbers the rich stores of Western learning; that we should inspire them with European ideas, and bring them into the closest contact with English thought; and then that we should, as it were, pay no heed to the growth of those aspirations which we have ourselves created, and of those ambitions we have ourselves called forth. To my mind one of the most important, if it be also one of the most difficult, problems of the Indian Government in these days is how to afford such satisfaction to those aspirations and to those ambitions as may render the men who are animated by them the hearty advocates and the loyal supporters of the British Government.

My Lord, I think it is in the power of Government to convert these 'discontented B.A's.' from cold critics into active allies by steadily associating them more and more with the administration of the country, and by making its tone more friendly to them and its tendencies more liberal. This, I think, is the only remedy for the evil complained of, and I am sure there is none other.

My Lord, in the speech of the Hon'ble Member, to which I have already referred, he has argued as follows:—

The evils of the discontented B.A.'s and the great army of failed candidates cannot be combated without improving the methods of teaching and examination which produce these results. Such improvement cannot, however, be secured without reconstituting the Senates of the different Universities. Therefore it is that the Government has thought it necessary to come forward with the proposals embodied in the present Bill.

Now, my Lord, I do not think the discontented B.A.'s will grow rarer or that the ranks of the army of failed candidates will become thinner after this Bill becomes law. But even if this object of the Hon'ble Member be not likely to be achieved, I am willing to admit that it would be a great and worthy end to attempt an improvement for its own sake in the methods of teaching and examination, and if any one will make it clear to me that this end is likely to be attained by the adoption of the proposals embodied in this Bill, I shall be prepared to give my most cordial support to this measure. For, my Lord, I have long felt that our present methods of both teaching and examination are very imperfect and call for a reform. But,

as far as I can see, there is little in this Bill which will in any way secure that object. It is true that the Hon'ble Sir Denzil Ibbetson, in his brief but eloquent speech at the first reading, spoke of the necessity of raising the character of the teaching at present imparted in Colleges, and he announced that Government had decided 'to make for five years special grants in aid of Universities and Colleges whose claims to special assistance in carrying out the reforms which we have in view are established, subject to an annual limit of five lakhs of rupees!' The announcement is a most welcome one, but it is difficult to see what reforms the Government has in view, and until further details about the Government scheme are forthcoming, no definite opinion can be pronounced on it. Moreover, we are just now considering the Bill, and so far as its provisions are concerned, there need not be the least change in the present state of things, so far as the Colleges in the Bombay Presidency are concerned. But, my Lord, while it is difficult to allow the claim of the Hon'ble Sir Raleigh that this Bill will lead to an improvement in the methods of teaching and examination, there can be no room for doubt that the first and most obvious effect of the passing of this measure will be to increase enormously the control of Government over University matters, and to make the University virtually a Department of the State. This increase of control is sought to be secured both directly and indirectly—directly by means of the new provisions about the acceptance of endowments and the appointment of University Professors and Lecturers, the affiliation of Colleges and the making of regulations—and indirectly by the proposed reconstruction of the Senate and the power of censorship in regard to its composition which Government will now be able to exercise every five years. My Lord, if Government cannot trust the Senate even to accept endowments without its own previous sanction, or to make appointments to endowed Professorships or Lectureships, if Government is to have the power to affiliate or disaffiliate any institution against the unanimous opinion of both the Senate and the Syndicate, if it may make any additions it pleases to the regulations submitted by the Senate for its sanction

and may even in some cases make the regulations themselves without consulting the Senate, I do not see that much dignity or independence is left to the Senate under such circumstances. And when, in addition to so much direct control, Government takes to itself the power of not only nominating practically nine-tenths of the Fellows but also of revising their lists every five years, I think no exception can be taken to the description that the Senate under the circumstances becomes a Department of the State. My Lord, much was said during the last three years about the necessity of giving a preponderant voice to men actually engaged in the work of education in the deliberations of the University; very little, on the other hand, was heard about the necessity of increased Government control. In the proposals, however, with which Government has now come forward while no statutory provision has been made for a due representation of Professors and teachers in the composition of the Senate, Government has virtually absorbed nearly all real power and made everything dependent upon its own discretion. The spirit in which the Government has chosen to deal with the Universities in this Bill appears to me to be more French than English. Was it really necessary to revolutionize their position so completely in the interests of education alone? After all, Government itself is responsible for the composition of existing Senates, and what guarantee is there that the power of nomination, which has been admittedly exercised with considerable carelessness in the past, will be used any better in the future? Moreover, there are men on the existing Senates who have all along taken great interest in the affairs of the Universities, but who have perhaps made themselves disagreeable to those who are regarded as the special representatives of Government in those bodies. And it is very probable that these men may not be included among those who will now form the reconstructed Senates. If this happens, will it be just? My Lord, I am personally not opposed to the idea of a limited Senate, and were the question not complicated by fears of probable injustice in the first reconstruction, I should even be disposed to support the idea strongly. I also recognize that, if we are to have a limited Senate, it is necessary to

provide for a certain number of seats falling vacant every year, so that there should be room for a continuous introduction of qualified new men; and if these vacancies cannot be expected to arise in the natural course of things —by retirement or death—it is necessary to make the Fellowships terminable. But one essential condition in a scheme of a limited Senate with terminable Fellowships is that a large proportion of seats should be thrown open to election, so that those who do not see eye to eye with the special representatives of Government, may not be deterred from taking an independent line by the fear of displeasing Government. But to make the Fellowships terminable in five years and to keep practically nine-tenths of the nominations in the hands of Government will, in my humble opinion, seriously impair all real independence in the deliberations of the University. My Lord, there are in the special circumstances of this country, three different interests which really require to be adequately represented in the University Senate. There is first the Government, which is of course vitally concerned in the character of the education imparted; then there are the Professors and teachers who are actually engaged in the work of instruction; and last, but not least, there are the people of this country, whose children have to receive their education and whose whole future is bound up with the nature of the educational policy pursued. These three interests are not —at any rate, are not always thought to be—identical, and I think it is necessary to secure an adequate representation to each one of them. My Lord, I feel that it is only reasonable to ask that, as far as possible, each interest may be represented by about a third of the whole Senate. Thus, taking the case of Bombay, I would fix the number of ordinary Fellows at 150, and of these, I would have 50 nominated by Government, 50 either elected by or assigned to different Colleges, and the remaining 50 thrown open to election by the graduates of different Faculties of more than ten years' standing. In giving representation to Colleges, I would take into consideration all those points which the Government wants to be considered in affiliating an institution. Of course a majority of the representatives of Colleges will as a rule vote with Government nominees,

and Government will thus have a standing majority in favour of its views. I would make these Fellowships terminable at the end of ten years, which would provide for 15 vacancies every year. I venture to think, my Lord, such a plan will duly safeguard all the different interests. I may mention that in the new Constitution of the London University, out of 54 Fellows, 17 are elected by graduates, 17 by Professors and teachers, 4 are appointed by the Crown, and the rest are nominated by certain bodies and institutions. Failing the plan which I have suggested, I would support the scheme proposed by the Hon'ble Mr. Justice Guru Das Banerji in his minute of dissent. It is impossible for me to support the proposals put forward on this point by Government in the Bill.

My Lord, I must not discuss any of the details of the Bill at this meeting, though I have a good deal to say about many of them. But one or two remarks I will offer on two other points, which in my opinion are points of principle. The first is the provision in the Bill to give at least half the number of seats on the Syndicate for the different Faculties to Professors and teachers. My Lord, I am opposed to this provision. I would give a large representation to these men on the Senate, but having done that, I would leave the Syndicate to be composed of those whom the Senate consider to be best qualified. How would the proposed provision work in the case of the Bombay University? In the Faculty of Arts, the provision will not cause any inconvenience, and, as a matter of fact, the present practice is to have half the men in this Faculty from the ranks of Professors. But in the Faculty of Law, what will be the result? There is only one Law School in Bombay, which is a Government institution. The Professors are generally junior barristers, who stick to their posts till they get on better in their profession. They are generally not Fellows of the University. And yet, if this provision is adopted, they will first have to be appointed Fellows, and then straightaway one of them will have to be put on the Syndicate in place of a High Court Judge or a senior barrister, who represents the Faculty at present on the Syndicate. Again, in the Faculty of

Engineering, the present practice is to elect eminent Engineers in the service of Government. The Engineering College of the Presidency is at Poona, and it will be a matter of serious inconvenience to insist on one of the Professors of that College being necessarily elected a Syndic. Moreover, my Lord, I really think it is not desirable to prop, thus, by means of the statute, men whom the senate—and especially the re-constructed Senate—does not care to put on the Syndicate. Another point on which I would like to say a word is the provision in this Bill that henceforth all institutions applying for affiliation must satisfy the Syndicate that they have provided themselves with residential quarters. In the first place, what is to happen, if they build the quarters, and then find that affiliation is refused? And secondly, I submit that such a condition will practically prevent the springing into existence of new Colleges and will, if made applicable to old Colleges, as the Syndicate is empowered to do, wipe out of existence many of those institutions—especially on this side of India—which in the past have been encouraged by the Government and the University to undertake the work of higher education. I freely recognise the great advantages of residence at a College, but if I have to choose between having no College and having a College without residential quarters, I would unhesitatingly prefer the latter alternative. My Lord, the people of this country are proverbially poor, and to impose on them a system of University education, which even a country like Scotland does not afford, is practically to shut the door of higher education against large numbers of very promising young men.

My Lord, I have spoken at so much length at this stage of the Bill, because the issues involved in this attempt at reform are truly momentous. I confess that there is a good deal in this Bill with which I am in hearty sympathy. But the main provisions of the Bill are so retrograde in character that it is impossible for me to support the measure. My Lord, I have already admitted and I admit again, that there are serious defects in the methods of teaching and of examination pursued at present

in this country. But the present Bill in my opinion offers no remedy calculated to cure the evil. I really think, my Lord, that the Government has begun the work of University reform at the wrong end. It is not by merely revolutionizing the constitution of the Universities that the object which all well-wishers of education in this land have equally at heart will be attained. It seems to me that the first step in the work of real reform is for Government to make its own Colleges model Colleges, and bring out from England the best men available for this work. I would place them on a level with members of the Civil Service, as regards pay and promotion. When I think of the great responsibilities of these men—of how much of the future of this country and of British rule depends upon the influence they succeed in exercising on the young minds committed to their care—and when I think of the more or less stereotyped character of the work which a majority of the Civilians have at present to perform, I am astonished that Government does not see how necessary it is to secure even a better type of men for its Colleges than for the administration of the country. If Government will bring out only the best men available—men who know how to combine sympathy with authority and who, for their learning and character, will continue to be looked up to by their pupils all their life—there will, in a few years, be a marked change in the tone of Government Colleges in India. And the private Colleges will find themselves driven to work up to the level of Government institutions. One word more on this subject and I have done. Let not Government imagine that unless the education imparted by Colleges is the highest which is at the present day possible, it is likely to prove useless and even pernicious; and secondly, let not the achievements of our graduates in the intellectual field be accepted as the sole, or even the most important, test to determine the utility of this education. I think, my Lord—and this is a matter of deep conviction with me—that, in the present circumstances of India, all Western education is valuable and useful. If it is the highest that under the circumstances is possible, so much the better. But even if it is not the highest, it must not on that account

be rejected. I believe the life of a people—whether in the political or social or industrial or intellectual field—is an organic whole, and no striking progress in any particular field is to be looked for, unless there be room for the free movement of the energies of the people in all fields. To my mind, the greatest work of Western education in the present state of India is not so much the encouragement of learning as the liberation of the Indian mind from the thraldom of old-world ideas, and the assimilation of all that is highest and best in the life and thought and character of the West. For this purpose not only the highest but *all* Western education is useful. I think Englishmen should have more faith in the influence of their history and their literature. And whenever they are inclined to feel annoyed at the utterances of a discontented B.A., let them realize that he is but an accident of the present period of transition in India, and that they shou'd no more lose faith in the results of Western education on this account than should my countrymen question the ultimate aim of British rule in this land, because not every Englishman who comes out to India realizes the true character of England's mission here.

[*At a meeting of the Imperial Legislative Council held on the 18th March 1904, His Excellency Lord Curzon presiding, the Hon. Sir Raleigh moved that the Report of the Select Committee on the Bill to amend the law relating to the Universities of British India be taken into consideration. In opposing it, the Hon. Mr. G. K. Gokhale spoke as follows*:—]

My Lord, it is only two weeks to day since the Government of India carried through the Council a highly controversial measure, which had evoked a perfect storm of hostile criticism throughout the country. The echoes of that controversy have not yet died out, when the Council is called upon to consider and pass into law another measure even more contentious and vastly more important than the last one. My Lord, if the position of those who opposed the Official Secrets Bill on the last occasion was, from the beginning, a hopeless one by reason of the large majority which the Government can

always command in this Council, that of those who deem it their duty to resist the passage of the Universities Bill to-day is even more hopeless. In the first place our ranks, thin as they then were, are even thinner to-day. Two of our colleagues who were then with us, are, in this matter, against us and will no doubt give their powerful support to the Government proposals. Secondly, Anglo-Indian public opinion, which was, if anything, even more pronounced than Indian public opinion in its condemnation of the Official Secrets Bill, is, in regard to this measure, for the greater part, either silent or more or less friendly. Thirdly, both Your Lordship and the Hon'ble Member in charge of the Bill are recognized to be distinguished authorities on educational matters, and the Government have further strengthened their position by the appointment to this Council of four prominent educationists from four different Provinces for the special purpose of assisting in the passage of this Bill. Last but not least, not only do the Government attach the greatest importance to this measure, but they also feel most keenly on the subject, as was clearly seen in December last, when the Hon'ble Member in charge of the Bill, in replying to some of my observations, spoke with a warmth which, from one of his equable temper and his philosophic cast of mind, must have surprised the Council, and when even Your Lordship—if I may be permitted to say so—spoke in a tone of severity which I ventured to feel I had not quite deserved. My Lord, it is a matter of every-day human experience that, when men feel strongly on a point, there is a smaller chance of their appreciating properly the case of their opponents than if there were no feeling involved in the matter. The fight to-day is thus for several reasons even more unequal than on the last occasion. But those who are unable to approve the proposals of Government feel that they have an obvious duty to perform in the matter, and they must proceed to the performance of that duty, however heavy may be the odds against them.

My Lord, what is this measure of University reform, round which so fierce a controversy has raged for some

time past? Or I will ask the same question in another form. What is it that this Bill seeks to achieve, which could not have been achieved without special legislation? For an answer to this question we must turn to the provisions of the Bill, and these provisions we may classify under three heads. First, those dealing with the expansion of the functions of the Universities; secondly, those dealing with the constitution and control of the Universities; and, thirdly, those dealing with the control of affiliated Colleges. Of these, I would willingly have assented to the last group, had those provisions stood by themselves—unaccompanied by the constitutional changes proposed in the Bill. My Lord, no true well-wisher of the country can object to the Universities in India exercising a reasonable amount of control over their Colleges, as such control is necessary to enforce properly those obligations which affiliated institutions are understood to accept when they come forward to undertake the responsibility of imparting higher education. But there are reasons to fear that, in the hands of the reconstituted Senates and Syndicates, these provisions will operate to the prejudice of indigenous enterprize in the field of higher education, and this, of course, largely alters their complexion. But whether one's fears on this point are well or ill-founded, one thing is clear—that the present Bill was not needed to enable Universities to exercise this control over their Colleges. For the University of Madras has, under the existing law, framed regulations for this purpose, which are substantially the same as those contained in this Bill; and what Madras has done, the other Universities could very well do for themselves. Surely, all this convulsion, which the Bill has caused, was not necessary to enable these bodies to do that which they have the power to do under the existing law! Again, in regard to the provisions empowering the Universities to undertake teaching functions, I hope I am doing no injustice to the authors of the Bill, if I say that they themselves attach only a theoretical value to these provisions. The Allahabad University has possessed these powers for the last sixteen years, and yet that University is as far from undertaking such functions as

any other in India. The truth, my Lord, is that, in addition to other difficulties inherent in the position of our Universities, their conversion into teaching bodies, even to the limited extent to which it is possible, is essentially a question of funds, and as there is no reason to assume that private liberality will flow in this direction after the Bill becomes law, and Government will not provide the resources necessary for the purpose, these enabling clauses are, as in the case of Allahabad, destined to remain a dead letter for a long time to come. The Government themselves do not seem to take a different view of the matter, as, after including these provisions in the Bill, they are content to leave the rest to time, with the expression of a pious hope that some day somebody will find the money to enable some University in India to undertake teaching functions! While, therefore, I am prepared to recognise that these provisions embody a noble aspiration, I must decline to attach any great value to them for practical purposes, and, in any case, they are no set off against the drastic changes proposed in the constitution of the Universities. We thus see that for enabling the Universities to exercise efficient control over their Colleges this Bill was not required at all; while, though new legislation was necessary to enable the older Universities to undertake teaching functions, a Bill so revolutionary in character was not needed for the purpose. The claim of the Bill to be regarded as an important measure of reform must, therefore, rest on the provisions dealing with the constitution and control of the Universities. My Lord, I have tried to examine these provisions as dispassionately as I could and to put as favourable a construction on them as possible; and yet I cannot resist the conclusion that, while the good they may do is at best problematical, the injury that they will do is both certain and clear. In the minute of dissent which I have appended to the Select Committee's Report, I have discussed at some length the real nature and the probable effect of these provisions. I have urged there five principal objections to the constitutional portion of the Bill, namely, (1) in making a clean sweep of existing Senates and in giving them no

voice whatever in the nomination of the first new Senates, the Bill inflicts an unmerited indignity on men who have on the whole done good work in the past; (2) the Bill fails to provide for election by Professors, and yet this is the class of men that has more immediate interest than any other in the deliberations of the University; (3) the numbers of the new Senates are fixed too low; (4) the proportion of seats thrown open to election is too small, while that reserved for Government nomination is too large; and (5) the five years' limit to the duration of a Fellowship aggravates the evil of an overwhelming number of seats being in the gift of Government. And I have expressed my belief that the effect of these provisions will be virtually to dissociate the Indian element from the government of the Universities and to put all directive and administrative power into the hands of European Professors within such limits as the Government may allow. The supporters of the Bill practically admit the correctness of this contention by saying that the main purpose of the Bill is to get rid of the old Senates, which contain a large unacademic element, and to create new Senates, which shall be academic in their composition, under guarantees of their always retaining this character. It is urged by these men that, as the Universities are intended for imparting Western education, it is only proper that their direction should be mainly in the hands of Europeans; and we are further told that the presence of a large unacademic element in the existing Senates has tended to lower the standard of University education and to impair discipline. Especially has this been the case, so we are assured, with the University of Calcutta, and a writer, writing under the name of 'Inquisitor,' has spent considerable industry and ingenuity in demonstrating how both efficiency and discipline have suffered as a result of Indians—especially Indians unconnected with the profession of teaching—having a substantial voice in the deliberations of that University. My Lord, I am myself personally unacquainted with the working of the Calcutta University, but I have made inquiries, and I find that, while there may be some room for the complaint which 'Inquisitor' makes, the evil has been greatly exaggerated,

and, in any case, there are facts on the other side which he might well have included in his statement. For instance, he might have told us that in 1881 no less an educationist than Sir Alfred Croft brought forward a proposal for removing classical languages from the list of compulsory subjects, and it was mainly by the votes of the Indian Fellows present and by the casting vote of the chairman that the proposal was rejected. I would like to know how the Hon'ble Mr. Raleigh or the Hon'ble Dr. Bhandarkar would regard such a proposal to-day. Again, we find that, in 1893, a Committee consisting almost entirely of educational experts, including several prominent European educationists, declined to approve a rule laying down that no teacher in a recognized school should teach more than sixty pupils at the same time, Dr. Gurudas Banerjee being the only member of the Committee who stood out for such a rule. In 1894, on a motion brought forward by Surgeon Colonel McConnell, supported by Professor Rowe and Surgeon Colonel Harvey, the regulation which required candidates for the M.D. degree to have passed the B.A. examination was rescinded, and it is worth remembering that the motion was opposed by an Indian member, Dr. Nil Ratan Sarkar. Even in the well-known case of a prominent Calcutta College, when a serious charge was brought against the working of its Law Department, it is a remarkable circumstance, which, 'Inquisitor' might have mentioned, that the Syndicate, which proposed a temporary disaffiliation of the Law branch of the College, was unanimous in making the recommendation, and of the nine members who voted for this proposal, seven were Indians, six of them being again unconnected with the profession of teaching. My Lord, I have mentioned these few facts to show that a wholesale condemnation of Indian Fellows—even of such of them as have been unconnected with the work of education—is neither fair nor reasonable, and that the position in reality comes very much to this—that, when Englishmen have proposed changes in the existing order of things, nothing is said, but, when similar changes have been proposed by Indian Fellows, the cry that efficiency or discipline is in danger has been raised without much hesitation by those

who would like to keep the management of University affairs mainly in European hands.

My Lord, if any one imagines that the passing of this Bill will lead to an improvement in the quality of the instruction imparted in Colleges, he will soon find that he has been under a delusion. Even those who make the more guarded statement that the Bill, by providing an improved machinery of control, will bring about a steady and sure reform in the character and work of affiliated institutions, will find that they have been too sanguine in their expectations. My Lord, after nearly twenty years' experience as a teacher, I lay it down as an incontestable proposition that a teacher's work with his students is but remotely affected by the ordinary deliberations of a University, and that, if he finds that he is unable to exercise on their minds that amount of influence which should legitimately belong to his position, he may look within himself rather than at the constitution of the Senate or the Syndicate for an explanation of this state of things. Of course in regulating the courses of instruction, and prescribing or recommending text-books, the University determines limits within which the teacher shall have free scope for his work. But these courses of instruction, once laid down, are not disturbed except at considerable intervals, and in regard to them as also in regard to the selection of text-books the guidance of the expert element is, as a rule, willingly sought and followed. The substitution of an academic Senate for one in which there is a considerable mixture of the lay element will no doubt effect some change in the character of the University debates; but that cannot affect the work done in Colleges in any appreciable degree. For an improvement in this work, we want better men, more money and improved material. The first two depend, so far as Government Colleges are concerned, on the executive action of Government, which could be taken under the old law and which has no connection whatever with the present Bill. And when an improvement takes place in the manning and equipment of Government institutions, the private Colleges will find themselves driven, as a matter of course, to raise their

level in both these respects. As regards improvement in the material on which the College Professors have to work, that depends on the character of the instruction imparted in secondary schools, and the character of the examinations prescribed by the University. Of these two factors, the education given in High Schools is not affected by this Bill and the character of the examinations, which I have long felt to be most unsatisfactory, will continue practically the same under the new *regime* as under the old, since examiners will continue to be drawn from the same class as now, and the conditions of their work will also continue the same.

Unless, then, there is an improvement in the manning and equipment of Colleges, and in the quality of the material on which Professors have to work, it is idle to expect any improvement in the work done in these Colleges. My Lord, I go further and say that, even if better men and more money and improved material were available, the improvement is bound to be slow. The three factors of men, money and material will have to act and re-act on one another continuously for some time before a higher academic atmosphere is produced, without which there can be no real elevation of the standard of University education. To this end, the Bill has, as far as I see, very little contribution to make. There is, indeed, one way in which the Bill can help forward such a result, and that is—if under its operation the Universities are enabled, by funds being placed at their disposal, to establish University chairs. The institution of such chairs, especially if supplemented by a large number of research scholarships in the different Provinces for advanced students, will powerfully stimulate the creation of that higher academic atmosphere of which I have spoken. But it seems this is just the part of the Bill which will not come into operation for a long time to come. It will thus be seen that the Bill has very little connection with the improvement of the work done in the affiliated Colleges of the Universities. It may, however, be said that the creation of academic Senates is in itself a desirable end, since, in other countries, the government of the Universities is in the hands

of those who are engaged in the work of teaching. My Lord, my reply to this argument is that the whole position is exceptional in India; and that it is not fair to the people of this country that the higher education of their children should be under the exclusive control of men who want to leave this country as soon as they can, and whose interest in it is, therefore, only temporary. Of course, the Professors must have a substantial voice in the deliberations of our Universities; but with them must also be associated, almost on equal terms, specially for the purpose of determining the broader outlines of educational policy, representatives of the educated classes of India. And, my Lord, it is because the Bill proposes to ignore this aspect of the question, and practically reverses the line of policy adopted by Government in this matter for the last half a century that I look upon the measure as a distinctly retrograde one. The highest purpose of British rule in India, as I understand it, is not merely to govern the country well, but also to associate, slowly it may be, but steadily, the people of this country with the work of administration. In proportion as a given measure helps forward this purpose, it makes for true progress. Whatever, on the other hand, has the contrary tendency deserved to be declared as reactionary. There is no doubt whatever that under this Bill the proportion of Indian members in the Senates of the different Universities will be much smaller than at present. The Fellows elected by graduates will, as a rule, be Indians; the Faculties will consist almost entirely of Government nominees and of such other persons as these nominees may co-opt. There is not much room for the hope that any considerable proportion of the Fellows elected by these Faculties will be Indians. As regards Government nominations, their choice will naturally first fall on European educationists; then will come European Judges, Barristers, Civilians, Engineers, Doctors and such other people. As the numbers of the new Senates are now to be very small, one can easily see that there is hardly any margin for the inclusion of any except a very few most prominent Indians in the Government list. The Senators of the future will thus be dominantly Europeans, with only a slight sprinkling of Indians just to keep up

appearences. And it is these Senates and the Syndicates elected by them that are armed with powers of control over affiliated Colleges, which may easily be abused. My Lord, it fills me with great sadness to think that, after fifty years of University education in this country, the Government should have introduced a measure which, instead of associating the Indian element more and more with the administration of the Universities, will have the effect of dissociating it from the greater part of such share as it already possessed. I think the ascendancy of English men in India in any sphere of public activity should rest, if it is to be of real benefit to the country, on intellectual and moral, and not on numerical or racial grounds. My Lord, in your speech on the Budget of last year, Your Lordship thought it necessary to address a caution to the opponents of this Bill. You asked them not to assume that 'all the misguided men in the country were inside the Government, and all the enlightened outside it.' If any of the critics of this Bill had ever made such a preposterous assumption, they well merited the caution. But it sometimes seems to me that the supporters of this Bill argue as though the reverse of that assumption was justified, and that every one who was opposed to this Bill was either a misguided person or an interested agitator. My Lord, I do hope that, whatever our deficiencies, we are not really so dense as to be incapable of understanding what is now our interest, and what is not, nor, I hope, are we so wicked and ungrateful as to bite the hand that is stretched to feed us. It is because we feel that this Bill is of a most retrograde character and likely to prove injurious to the cause of higher education in the country that we are unable to approve its provisions, and it is because I hold this view that I deem it my duty to resist the passage of this Bill to the utmost of my power.

[*At the same meeting, while the Report of the Select Committee was being considered, the Hon'ble Mr. Gokhale moved that, from the preamble, the word "Bombay," wherever it occurs, and the reference to Act XXII of 1857 be omitted, and the words "except Bombay" be added after the words "British India." He said :—*]

My Lord, my object in moving this amendment is to enter my protest at this Council against the Government of India proposing to deal in one Bill with five different Universities, having different histories and growth, and to raise my voice in a formal manner against the unjust condemnation which this Bill impliedly passes on the work and character of the Bombay University as at present constituted. In the course of the discussions in the Select Committee over this Bill, the case of the Calcutta University was again and again mentioned to justify the inclusion within the Bill of provisions to which exception was taken on the ground that they were unnecessary and might even prove harmful in other Provinces. We were repeatedly told that the Calcutta University had drifted into such a position that there was no hope for it without a drastic measure of reform, such as is contemplated in this Bill. My Lord, if the state of things in Calcutta was really so hopeless, what was there to prevent the Government from undertaking an amendment of the Calcutta University Acts on such lines as they thought proper? The wisdom and foresight of those who passed the original Acts of Incorporation for the three older Universities had made it easy for the Government to adopt such a course. Those Acts were identical in their wording, and yet they were passed separately for each one of the three Universities, so that whatever amendment was subsequently found necessary as a result of the special circumstances of each case might be made without interfering with the natural growth of the other Universities. Or, if the Government of India wanted that certain general principles should be introduced or emphasized in the constitution of the different Universities in India, the proper course for them to pursue was to have laid down these principles in a general Resolution, and to have directed the Local Governments to introduce amending legislation to give effect to them without doing any undue and unnecessary violence to the special character and growth of each University. It would then have been possible to legislate for the different Universities in India with a full knowledge of local conditions, and after giving due weight to local objections and criticisms. And we should not have witnessed the spectacle of men

generalizing for five Universities from their knowledge of a single University, and assisting in the work of legislation for Universities other than their own, in greater or less ignorance of their special conditions. If the amending legislation for Bombay had been undertaken in the Bombay Legislative Council instead of here, I am confident that the Bill would have been much more satisfactory, as the changes proposed would have had to face the fullest discussion and the closest scrutiny on the spot. My Lord, I see no justification for extending the provisions of this Bill to the case of the Bombay University; the record of that University is on the whole such that it may well regard it with a sense of satisfaction. It has been a record of powers well and judiciously exercised, of continuous attempts to raise the standard of education by a revision of the courses of instruction from time to time, and in other ways. Take, for instance, the question of the affiliation of Colleges. There are only eleven Arts Colleges in the whole of the Bombay Presidency, and of these, only one is a second grade College, and that is in the Native State of Kolhapur. Of these eleven Colleges, two are Government institutions, four more are in Native States with the resources of these States at their back, two more are maintained by Municipal bodies with the assistance of the Government and of the general public, and only three are private Colleges, of which two are missionary institutions and one only of indigenous growth. All these private Colleges receive substantial grants-in-aid from Government. In the case of not a single one of these Colleges can it be said that it has been started for private gain. Their constant endeavour has been to place better and better facilities for real education at the disposal of their students. All these Colleges, with the exception of the second grade College at Kolhapur, provide residence in College for at least a part of their students. In my College we have built residential quarters for more than half of our students, and two of our Professors reside on College grounds. A large spot of 37 acres in one of the finest localities outside the City of Poona has been secured for the College, and College buildings with residential quarters for the students

and houses for Professors have been built thereon. We are making continuous additions to our library and laboratory, and in fact no effort is being spared to make the College as much a seat of true College life as it is, in existing circumstances, possible. What is true of my College is true of other Colleges in the Presidency also. Only Bombay and Poona have more than one College each, Bombay having three and Poona two. No suggestion has ever been made that any College encourages a spirit of low rivalry such as is justly objected to by the Universities Commission in their Report: there is of course room, great room, for improvement in the Bombay Colleges; but that is, in reality, a question of men and means, and this Bill has no connection with it. Again, it cannot be urged with any regard for fairness that the Bombay Senate has ever attempted to lower the standard of efficiency or discipline. On the other hand, it has steadily striven to raise its standards for the different examinations. Thus, taking its work in the Faculty of Arts, we find that it has extended the old course of three years between Matriculation and B. A. to four years: substituted two examinations in place of the old F. E. A., made History and Political Economy compulsory subjects in the B. A., and raised considerably the standard of English and the classical languages required for the several examinations. In all matters relating to courses of instruction and the selection of text-books, it has invariably followed the advice of educational experts. So far as I know, there have been only two occasions of importance on which there has been a difference of opinion between a majority of European educational experts and the general body of the Senate, but these were matters not specially falling within the particular sphere of the experts, and in regard to both of them I think the Senate was right in its decision. One such occasion was when the Deans of the several Faculties were made *ex-officio* members of the Syndicate. Though the experts opposed this reform at the time, they themselves admit now that it has proved useful. The second occasion was when an attempt was made to introduce examinations by compartments after the Madras

system. The reform was recommended by a Committee which included two European educationists—Dr. Peterson and the Rev. M. Scott; but a majority of European experts in the Senate opposed it, and, though the proposal was carried in the Senate, it was subsequently vetoed by Government. But whatever difference of opinion there may be about the soundness or unsoundness of the proposal, I think it is absurd to describe it as an attempt to lower the standard of University education. It may be asked why, if the state of things has on the whole been so satisfactory in Bombay, so many of the European educationists there are supporting the Bill. The answer to that, I think, is simple. By this Bill the Government of India go out of their way to make a present of a permanent monopoly of power to European educationists, and it is not to be expected that they should raise any objection to such a course. One of the strongest supporters of this Bill on our side is our present Vice-Chancellor. He was a member of the Universities Commission and has signed the Commission's Report. Well, twelve years ago, when an attempt was made by the Bombay University to secure an amendment of its Act of Incorporation, Dr. Mackichan took a most active part in the deliberations of the Senate. And he then was strongly in favour of fixing the number of Fellows at 200, of giving no statutory recognition to the Syndicate with or without a Professorial majority, and of leaving a large measure of independence to the University. Of course, he has every right to change his views, but that does not mean that those who now hold the views which he so strongly advocated twelve years ago are necessarily in the wrong. My Lord, it is true that certain educational experts have in the past exercised a commanding influence in the deliberations of our Senate, and it is also true that men who have succeeded to their places have not necessarily succeeded to that influence. But the great educationists who ruled our University in the past did so not merely because they were educational experts but because they are men bound to lead wherever they were placed. Such great influence has also sometimes been exercised by men not actually engaged in the work of teaching. Of the former

class, Sir Alexander Grant and Dr. Wordsworth may be mentioned as the most shining examples. Of the latter class have been men like Sir Raymond West, the late Mr. Telang, the late Mr. Ranade and the Hon'ble Mr. P. M. Metha—all lawyers, be it noted. Their influence has been due to their great talents and attainments, their sincere devotion to the cause of higher education, and their possession of that magnetic personality without which no man, however learned, can hope to lead even in a learned assembly. To object to the ascendancy of such men over the minds of their Fellows is really to quarrel with the laws of human nature. My Lord, I submit the Bombay Senate has not deserved to be extinguished in so summary a fashion as this Bill proposes and I, therefore, move that the Bill be not extended to Bombay.

[*At the same meeting, replying to the remarks of other members on his amendment, the Hon. Mr. Gokhale made the following speech* :—]

In replying to the speeches made on my amendment, I would first deal with what has fallen from the Hon'ble Sir Denzil Ibbetson. The Hon'ble Member imagines that I have stated that the Senate of Bombay needs no reform whatever, and that things are so satisfactory that everything ought to be kept as it is. My memory does not charge me with having ever said any such thing. I have made two speeches in this Council and written a note of Dissent. Nowhere have I said that the state of things in Bombay ought to be allowed to continue as it is and that no reform is needed: but because I am not prepared to say that the state of things is wholly satisfactory, therefore, it does not follow that I am bound to accept or approve of every suggestion of those who have undertaken the work of reform. As regards the complaint that we have no alternative remedy to propose, I submit, my Lord, that it is not a just complaint. As a matter of fact, Sir Raymond West, an eminent educationist, had drafted a Bill for reforming the constitution of the Bombay University more than twelve years ago. This had met with the acceptance of a large number of persons interested in the work of education, and, if reference is made to

that measure, Government will find that there is an alternative scheme, which would be generally acceptable. The Hon'ble Member says that, if Dr. Mackichan has changed his views after twelve years, that is an argument in favour of this Bill. But when Dr. Mackichan expressed these views, he had already been Vice-Chanceller of the University, and if a man's views are in a fluid condition even when he has attained so high a position, I don't think that his change of views should carry so much weight as the Hon'ble Member seems inclined to attach to it.

Then the Hon'ble Sir Denzil Ibbetson says that, if this amendment is accepted, and if some other amendment is accepted, and if a third amendment is accepted, there will be very little left of the Bill. I, for one, will rejoice if the Bill is withdrawn altogether. We are not bound to pass a Bill as it stands, simply because it will be useless, if we do dot pass the whole of it.

With regard to what has fallen from the Hon'ble Dr. Bhandarkar—the learned Doctor was my Professor at College, and I cannot speak of him or of anything that falls from him except with great reverence—I would ask him to state facts as well as opinions which, I may remark, derive additional weight if based on facts. I would like to know what reforms in the course of instruction were proposed by the experts and resisted by the lay members of the Senate.

The Hon'ble Mr. Raleigh, to whose appreciative remarks about the Bombay University I listened with great pleasure, takes the same view as Dr. Bhandarkar, and he says that he was told by certain educational experts and Professors in Bombay that it was hopeless to get a hearing for any matter of educational reform at the meetings of the Bombay Senate. My answer to that is what I have already given to Dr. Bhandarkar. I would like to know the instances in which this occurred, because facts in this controversy are of more value than mere statements: I would like to know in how many cases attempts were made to introduce measures of reform by

the experts, and in how many they were defeated in their attempts by the opposition of the non-expert element.

If these men merely stayed at home and thought that no reform that they proposed was likely to be accepted, and, in consequence, they did not attend the meetings of the Senate, I think their position there was not quite justified. A member should not sit quietly at home under the impression that he would not get a hearing, and he failed in his duty unless he took active steps to introduce any measure of reform. The Hon'ble Member referred to Mr. Paranjpye of my College and to the evidence he gave when fresh from England. I shall be delighted if the Bombay University allows men like Mr. Paranjpye to regulate their courses of mathematical instruction, but I have here the authority of my friend Dr. Mukhopadhyaya that it is difficult to get the Calcutta University to revise its mathematical courses of instruction because of the opposition of the experts. As a matter of fact, the strongest opposition to reform very often comes from men who are themselves teachers, whose standard is not very high, who are unwilling to read new books and who object to leaving familiar grooves. It is the professors of the Bombay Colleges that have for many years practically ruled the Syndicate, and I would like to know how often they used their power to effect reforms which they now say they have long been anxions to introduce.

[*At the same meeting, the Hon. Rai Sri Ram Bahadur moved that from the preamble the word "Allahabad" and the reference to Act XVIII of 1887 be omitted, and the words "except Allahabad" be added after the words "British India." When some members had spoken against the amendment, the Hon. Mr. Gokhale supported it in the following speech* :—]

My Lord, I have really no special knowledge of the state of things in Allahabad, but my curiosity has been aroused by the Hon'ble Mr. Raleigh's speech, and I trust Your Lordship will excuse a brief intervention on my part in this discussion. The Hon'ble Member says that when the Commission took evidence in Allahabad

certain witnesses gave evidence to the effect that the state of things there was not quite satisfactory. Now I would really like to know who these mysterious advisers of the Commission were. They could not have had much weight with the Government, since the Government of the United Provinces has expressed its disapproval of this Bill. They could not be men holding prominent positions in the educational world, since their most prominent educationists are members of the Syndicate, and the condemnation of the Bill by the Syndicate is described by the Registrar to be unanimous or nearly unanimous. They could not also be representatives of the general public, since the Graduates' Association, as representing the views of the general public, has expressed its disapproval of this Bill. If certain stray witnesses gave evidence to the effect that the state of things in Allahabad was not satisfactory, surely neither the Commission nor the Government of India were justified in placing that above the opinion of the Local Government and of the educational experts.

My Lord, this question really raises another much larger question, and that is, are the Supreme Government justified—not legally, because they have the power legally—but morally, in over-riding the wishes of the Local Government? The Supreme Government in this matter is merely a representative of authority: it is not a representative of educational knowledge or learning, though, in the present case, particular members of the Government may occupy distinguished positions in the educational world. And as the Government of India only represents authority, and this authority has been delegated for local purposes to the United Provinces Government, when the Government is opposed to a measure like this, I think the Government of India has no moral right to impose a measure like this upon those Provinces.

There is another point about which I would say a word—and that has been suggested to me by the course of this discussion in support of having one and the same Bill for all these different Universities. That argument seems to me to be moving in a vicious circle. We are asked to pass this Bill for all the five Universities together, but we

are practically told that, if each University had stood by itself, such a Bill would not have been introduced in its case. Thus the Hon'ble Mr. Raleigh has told us that, had the Bombay University stood alone, such legislation as the one proposed would not have been undertaken. He also says that the Calcutta University is as good as any other. Then Sir Arundel Arundel tells us that, if Madras alone had been affected by the Bill, it would not have been required; the Hon'ble Sir Denzil Ibbetson protests that the Punjab University is not a whit behind any others; and lastly, Mr. Morrison says that the Allahabad University is really the best of all Universities. I would really like to know then which University it is whose sins have brought down upon the heads of all the wrath of the gods.

[*At an adjourned meeting of the Imperial Legislative Council, held on Monday the 21st March 1904, His Excellency Lord Curzon presiding, the Hon. Sir T. Raleigh moved that the Indian Universities Bill, as amended, be passed. In resisting the motion, the Hon. Mr. Gokhale delivered the following speech*:—]

My Lord, the struggle is over. The opponents of the Bill have lost all along the line; and it only remains for them now to count up their losses—for gains they have had none. Let those who will say what they will; this Bill amounts to an emphatic condemnation, as unmerited as it was unnecessary, of the educated classes of this country. It amounts to a formal declaration on the part of the Government of India, made with the concurrence of the Legislative Council, that the system of University education which has been in vogue in this country for the last fifty years has been a failure, and that the men educated under that system have proved themselves unworthy of being associated, in any appreciable degree, with the administration of their own Universities. My Lord, I feel that my educated countrymen have a right to complain that this condemnation has been passed on them without giving them a fair hearing. I do not, of course, refer to the hearing which has been given to the opponents of this measure in this Council—for I gladly acknowledge the unfailing courtesy and patience with which the Hon'ble

Member in charge has conducted the Bill through the Council—but I refer to the fact that the Government of India decided to make these drastic changes on the one-sided representations of men who considered that because they were engaged in the actual work of teaching, therefore, they were entitled to a virtual monopoly of power in the Universities. Five years ago, when Your Lordship first announced that the Government of India intended taking up the question of University reform, the announcement was hailed with satisfaction and even with enthusiasm all over the country. Last year, speaking on the occasion of the Budget debate, Your Lordship wondered how it was that the appetite of the educated classes for University reform, at one time so keen, had suddenly died down. My Lord, the explanation of the phenomenon lies on the surface. Five years ago, when this question was first taken up, Your Lordship defined your attitude towards University reform in a speech made as Chancellor of the Calcutta University at the Convocation of 1899. In that speech, after pointing out the difference between a teaching University and an examining University, Your Lordship proceeded to observe as follows:—

Nevertheless, inevitable and obvious as these differences are, there may yet be in an examining University—there is in such institutions in some parts of my own country and still more abroad—an inherent influence inseparable from the curriculum through which the student has had to pass before he can take his degree, which is not without its effect upon character and morals, which inspires in him something more than a hungry appetite for a diploma, and which turns him out something better than a sort of phonographic automaton into which have been spoken the ideas and thoughts of other men. I ask myself, may such things be said with any truth of the examining Universities of India? I know at first sight that it may appear that I shall be met with an overwhelming chorus of denial. I shall be told, for I read it in many newspapers and in the speeches of public men, that our system of higher education in India is a failure, that it has sacrificed the formation of character upon the altar of cram, and that Indian Universities turn out only a discontented horde of office-seekers, whom we have educated for places which are not in existence for them to fill. Gentlemen, may I venture to suggest to you that one defect of the Anglo-Saxon character is that it is apt to be a little loud both in self-praise and in self-condemnation? When we are contemplating our virtues, we sometimes annoy other people by the almost pharisaical complacency of our transports; but, equally, I

think, when we are diagnosing our faults, are we apt almost to revel in the superior quality of our transgressions. There is, in fact, a certain cant of self-depreciation as well as of self-laudation. I say to myself, therefore, in the first place, is it possible, is it likely, that we have been for years teaching hundreds and thousands of young men, even if the immediate object be the passing of an examination or the winning of a degree, a literature which contains invaluable lessons for character and for life, and science which is founded upon the reverent contemplation of nature and her truths, without leaving a permanent impress upon the moral as well as the intellectual being of many who have passed through this course? I then proceed to ask the able officials by whom I am surrounded, and whose assistance makes the labour of the Viceroy of India relaxation rather than toil, whether they have observed any reflection of this beneficent influence in the quality and character of the young men who enter the ranks of what is now known as the provincial service; and when I hear from them almost without dissent that there has been a marked upward trend in the honesty, the integrity, and the capacity of native officials in those departments of Government, then I decline altogether to dissociate cause from effect. I say that knowledge has not been altogether shamed by her children, grave as the defects of our system may be, and room though there may be for reform. I refuse to join in a whole sale condemnation which is as extravagant as it is unjust.

My Lord, the generous warmth of this most sympathetic utterance at once kindled throughout the country a great hope, and for a time it was thought that we were on the eve of a mighty reform which would change the whole face of things in regard to higher education in India. A liberal provision of funds for the encouragement of original research and of higher teaching, the institution of an adequate number of substantial scholarships to enable our most gifted young men to devote themselves to advanced studies, an improvement in the status and mode of recruitment of the Educational Service so as to attract to it the best men available, both European and Indian, the simplification of the preliminary tests, with a single stiff examination at the end of the course for ordinary students, so as to discourage cramming as far as possible—these and other measures of reform appeared to be almost within sight. It was, however, not long before the new-born hope that had thus gladdened our hearts was chilled to death, and we found that, instead of the measures we were looking for, we were to have only a

perpetuation of the narrow, bigoted and inexpansive rule of experts. My Lord, it has been too freely assumed in the course of the discussions over this Bill that all experts as a body are necessarily in favour of particular changes, and that laymen, on the other hand, as a class, are opposed to them. When the new regime is inaugurated, it will soon be discovered that it is a great mistake to think so. It is a matter of general experience that the greatest opposition to change has generally come from some of the experts themselves—the older men among the experts, who rarely regard with a friendly eye any proposal to make a departure from the order of things to which they have been long accustomed. The younger experts, on the other hand, always imagine that, unless changes of a radical character are introduced so as to reproduce, in however faint a manner, the condition of things with which they were familiar at their own University, the education that is given is not worth imparting. And as the older experts have naturally more influence, their opposition generally prevails, and in course of time the appetite of the younger men for reform gradually disappears. However, my Lord, I am sure the Council is quite weary now of listening to any more arguments about the rule of experts or any other features of the Bill, important or unimportant. Moreover, I have already twice spoken on the general character of the Bill. And I will therefore now refer to one or two points only, that arise out of this discussion, before I bring my remarks to a close. My Lord, it is to my mind a painful and significant circumstance that the present condemnation of the educated classes has been passed at the instance of men engaged in the work of education. I am astonished that these men do not realize that a part at least of this condemnation is bound to recoil on their own heads. The Hon'ble Mr. Pedler has told the Council of dishonest clerks, unscrupulous managers of Colleges, and convict Graduates. I do hope, for the Hon'ble Member's own sake as much as for the credit of the educated classes, that there has been another and a brighter side to his experience. Else, my Lord, what a sad sense of failure he must carry with him into his retirement! Happily all educationists

have not been so unfortunate in their experience nor, if I may say so, so one-sided in their judgments. There have been men among them who have regarded the affection and reverence of their pupils as their most valued possession, who have looked upon the educated classes with a feeling of pride, and who have always stood up for them whenever anyone has ventured to assail them. One such Professor, within my experience, was Dr. Wordsworth, grandson of the great poet—a man honoured and beloved as few Englishmen have been on our side. Another such man is Mr. Selby, whose approaching retirement will inflict a most severe loss on the Education Department of our Presidency. My Lord, I am aware that it is invidious to mention names; but these two men have exercised such abiding influence over successive generations of students during their time that I feel no hesitation in offering a special tribute of recognition and gratitude to them. Their hold over the minds of their pupils has been due, not only to their intellectual attainments, but also to their deep sympathy with them as a class which they had helped specially to create. I believe that such men have never had occasion to complain that their views on any subject did not receive at the hands of educated Indians the consideration that was due to them. It is through such men that some of England's best work in India is done; it is these men who present to the Indian mind the best side of English character and English culture. It is such men that are principally wanted for the work of higher education in India in the present state of things, and the best interests of both the rulers and the ruled may safely be entrusted to their keeping. I think, my Lord, there is practically no limit to the influence which a truly great Professor who adds to his intellectual attainments, sympathy and love for his pupils may exercise over the minds of Indian students, whose natural attitude towards a teacher, inherited through a long course of centuries, is one of profound reverence. The recent Resolution of the Government of India on the subject of education strikes the right note when it says: 'Where the problems to be solved are so complex, and the interests at stake so momentous, India is entitled to ask for the highest intellect

and culture that either English or Indian seats of learning can furnish for her needs.' If the principle enunciated in this sentence be faithfully acted upon, it will go a long way to counteract the evil which is apprehended from the passage of this Bill. How far, however, this will be done, remains to be seen. Meanwhile, the old order will change, yielding place to new. My Lord, one cannot contemplate without deep emotion the disappearance of this old order; for with all its faults, it had obtained a strong hold on our attachment and our reverence, and round it had sprung up some of our most cherished aspirations. For the present, however, the hands of the clock have been put back; and though this by itself cannot stop the progress of the clock while the spring continues wound and the pendulum swings, there can be no doubt that the work done to-day in this Council Chamber will be regarded with sorrow all over the country for a long time to come.

THE UNIVERSITIES VALIDATION ACT.

[*At a meeting of the Imperial Legislative Council, held on Friday the 3rd February 1905, His Excellency Lord Curzon presiding, the Hon. Mr. H. Erle Richards moved for leave to introduce a Bill to validate action taken under the Indian Universities Act 1904. The Hon. Mr. G. K. Gokhale opposed the motion in the following speech* :—]

My Lord, I beg to oppose this motion. It was only last night that I received the agenda paper of this meeting and then I saw that it was proposed to introduce a measure of this kind at to-day's Council. There was, however, no copy of the Bill with the agenda paper—there is no copy even now before me on the table—so I was entirely in the dark until I heard the speech of the Hon'ble Member in charge of the Bill about the precise nature and scope of the proposed legislation. Now, my Lord, I respectfully submit that this is somewhat hard on Members of this Council. For I find myself compelled, if I want to enter my protest at all, to speak just on the spur of the moment, without any opportunity to look up facts and references, relying solely on my mere recollection of things. My Lord, I was one of those who did their utmost last year to prevent the passage of the Universities Bill. But having done that, as soon as the Bill was passed, I was among those who recognised the wisdom of the appeal so earnestly made by His Honour the Lieutenant-Governor of Bengal to both friends and opponents of the measure that they should after that bury their differences and in the best interests of higher education endeavour to co-operate with one another to make the Act a success. I should, therefore, have been glad if there had been no occasion for me to oppose any further the proposals of Government in regard to the Universities of India. But as the Government have thought fit to introduce the present measure, and as I disapprove of it most strongly, there is no course open to me but to offer it such resistance as I

can. My Lord, I interpret the Hon'ble Member's speech as a practical admission that the notifications which the Chancellors in the different Provinces have issued are illegal and *ultra vires* and that the action taken under them cannot be sustained. For, if there had been the faintest possibility of the notifications being upheld by the High Courts, the Government, I am sure, would not have taken this unpleasant and not wholly dignified course of coming to the Legislature to validate what they have done. Now, my Lord, one might easily ask the question how such illegal notifications came to be issued, for, with the resources at the disposal of the various Governments in the matter of expert legal advice and in other ways, the public have a right, even in this country, to expect work less careless than that. But when a mistake has been admitted, in public life as in private life, the less one dwells on it the better. But though I do not care to press the question how these notifications came to be issued, I must protest emphatically against the course proposed to be adopted to set right the illegality that has been committed. I think, my Lord, the only proper course for the Supreme Government on this occasion would have been to call upon the various Chancellors to withdraw these objectionable notifications and substitute others in their place more in accordance with the law. Instead of following this plain course, the Government have chosen to come to the Legislature with proposals to remedy, not any defect in the law, but a serious illegality committed in taking action under the law, and persisted in, in spite of warnings and protests. My Lord, in all civilised countries there is a well-understood and well-defined distinction between the Legislature and the executive Government, and the Legislature is regarded as higher than the executive. In India unfortunatety this distinction for the most part is of only a nominal character; for, with the present constitution of the Councils, the Executive Government can get what law they please passed by the Legislature without the slightest difficulty. I submit, however, that it is not desirable, it is not wise, that this fact should be forced on the attention of the public in so unpleasant a manner as on this occasion, and I think the distinction

becomes a farce if our Legislature is to be thus at the beck and call of the Executive Government, and if it is to be called upon to exercise its powers of legislation to remedy defects, not in existing laws, but in executive action taken under those laws. My Lord, I respectfully, but emphatically, protest against this lowering of the dignity of the Legislature. Of course there is nothing to prevent the Government legally from coming to the Legislature with such proposals as they please. But I venture to think that there are moral limits on the competency of the Government in this matter. I think that the Government should come forward with proposals of amendment only in the event of the existing law being found so defective as to be unworkable, errors in executive action being set right as far as possible by executive action alone. I can imagine a case where, soon after passing a measure the Government suddenly discover a flaw which makes it impossible to carry the measure into practice. In such a case, however, one may regret the necessity of amending legislation, one would be prepared to regard the position of Government with a certain amount of sympathy. But that is not the case on the present occasion. It is not contended that no executive remedy is possible to set matters right, for, by withdrawing the present notifications and substituting others in accordance with law, the whole difficulty can be got over. The Hon'ble Member has told us that this would involve much loss of precious time and of valuable work already in process of being done. Surely this is not such a calamity as to justify the present proposals. It is true that those who get into power for the first time often imagine that they must begin their reforming work at once, and that the situation cannot brook a moment's delay. Everyone will not, however, necessarily sympathise with such impatience, and some may even welcome circumstances which necessitate their going more slowly. As regards the fear that in some places examinations will have to be postponed unless the election of the present Syndicates is validated, even that need not frighten us much, as examinations have been postponed in the past on account of plague and other difficulties, and there is no great harm if they have to be postponed for a time

in any place this year. The Hon'ble Member has further told us that after all the defects that have been discovered in the notifications are of a purely technical character. Now I cannot subscribe to this view of the matter at all. Take, for instance, the formation of the Faculties. If this function had been left to the Senates as required by the law—if it had not been illegally usurped by the Chancellors—we should have had the Faculties formed in accordance with some clear and intelligible principle as in old times. But in what the Chancellors have done there is no such clear principle recognisable. Thus, in Bombay, a man like Mr. Justice Chandavarkar, than whom there are few more cultured Fellows—European or Indian—in the Bombay Senate, has been excluded from the Arts Faculty which after all is the most important Faculty, and relegated to the Faculty of Law, which is made to include every Fellow who has taken the L.L.B. degree. So it is not only a mere setting right of technical defects that is involved in this Bill. My Lord, there is another most important question that must be brought to the notice of this Council. I am not sure that I quite followed the Hon'ble Member in what he said about the effect of this Bill on the Syndicates which have been elected under the illegal notifications. I understood him to say, and I speak subject to correction, that the elections would stand. If this be so, I can only protest against what is proposed as a great wrong, at least so far has the Bombay University is concerned, for there the opinion of eminent Counsel had been obtained, which declared that the notification was clearly illegal and *ultra vires*. This opinion had been forwarded to the University authorities before the elections were held, and the only request that was made was that the elections should be postponed till the Chancellor had re-considered the whole question in the light of that opinion. An opportunity was thus given to the party that is anxious to introduce the new order of things to set matters right by cancelling the notification and issuing another in its place. Instead of that, they preferred to hold the elections in accordance with the notification, and now it is proposed to condone the illegality committed with open eyes by means of fresh legislation!

My Lord, the unfairness of this arrangement becomes all the more obvious when it is remembered that those who saw the illegality of the notification did not take part in the election beyond entering their protest. They did not allow themselves to be nominated as candidates : neither did they exercise their undoubted right to vote because of the illegal character of the whole proceeding. On the other hand, those who chose to act on the notification acted as though they were determined to carry out their object, whatever the obstacles in their way. Thus a motion for adjournment, which the Vice-Chancellor, who presided over the Arts meeting, allowed to be put to the meeting one day, was under exactly similar circumstances ruled out of order the next day at the Law meeting by the Judicial Member of the Executive Government, whose interest in University matters was suddenly aroused, and who attended to take the chair—which otherwise would have been occupied by the senior Fellow present, Sir Pherozeshah Mehta.

And it is now proposed to support by fresh legislation the illegalities committed in this high-handed manner by those who chose to ignore the warning and opinion of eminent Counsel, and it is proposed to punish those who protested against the illegalities and refrained from being a party to them. I think it is absolutely unjustifiable thus to disfranchise a large number of Fellows and accept the elections made by a handful of men in each group as made by the Faculties, and once more I protest emphatically against the contemplated wrong.

My Lord, these are some of the observations which suggest themselves to me on this occasion. I have been under some disadvantage in having had to speak on the spur of the moment, and I can only trust I have made no mistake in my statement of facts, nor employed stronger language than the exigencies of the situation demanded.

[*At a meeting of the Imperial Legislative Council held on Friday the 10th February 1905, His Excellency Lord Curzon presiding, the Hon'ble Mr. Richards moved that the Bill to validate action taken under the Indian Universities*

Act, 1904, be taken into consideration. The Hon'ble Mr. Gokhale moved that for the words "the Bill to validate action taken under the Indian Universities Act, 1904, be taken into consideration," in the foregoing motion, the word, "the consideration of the Bill to validate action taken under the Indian Universities Act, 1904, be postponed sine die " *be substituted. He said* :—]

My Lord, last Friday, when I troubled the Council with a few observations on the Bill now before us, I ventured to suggest that the introduction of this measure and the Hon'ble Member's speech in support of it amounted to a practical admission that the notifications issued by the several Chancellors were illegal and *ultra vires*. The Hon'ble Member, however, took exception to my remark, and that makes it necessary that the Council should consider briefly the circumstances connected with these notifications and the position now created by them. For this purpose I would invite the attention of the Council to what has taken place at Calcutta and Bombay, and I take these two Universities, partly because it has been easier for me to obtain precise information in regard to them than in regard to the others during the short time at my disposal, but mainly because the circumstances of the Calcutta University are, or ought to be, within the personal knowledge of several Members of this Council, and at Bombay matters have culminated in a suit being instituted in the High Court. My Lord, I have no wish to-day to stir up the ashes of the controversy that raged round the Universities Bill last year though one may say in passing that some of the fears then expressed by the opponents of the measure about the probable exclusion of independent Indians from the administration of the Universities have already being more or less realized. What, for instance, can be more lamentable than that, on the present Syndicate of the Calcutta University, four Faculties out of five should be without a single Indian representative, and that in Bombay, a man like Sir Pherozeshah Mehta, once a Dean in Arts, who, in point of attainments and of zealous devotion to the best interests of the country towers head and shoulders above many of those who have of late been posing as authorities

on high education in this land, should be excluded from the Faculty of Arts! However, I know that any further complaint in this Council about the policy of last year's Bill is like ploughing the sands of the sea-shore, and I have no wish to engage in an enterprise at once so fruitless and so unnecessary. My Lord, I must ask the Council to glance for a while at what may be called the scheme of last year's Act in regard to the constitution of the first Senates and of Provisional Syndicates. That scheme, I contend, is both clear and adequate, and if only ordinary care had been taken to adhere to it, the present difficulties would not have arisen. The scheme is set forth in the several clauses of section 12. First of all, there was to be the election of ten Fellows by Graduates or by old elected Fellows or by both. Then there was to be the appointment of not more than eighty Fellows by the Chancellor. And then there was to be the election or rather co-optation of ten more Fellows by the elected Fellows and Government nominees acting together. This co-optation was to complete the Senate and then the Chancellor was to notify that the Body Corporate of the University had been formed, appending to the notification a list of the new Senate. As soon as this declaration was made, the old Senate and the old Syndicate were to cease to exist, and the new Senate, *i.e.*, the Body Corporate, was to elect a Provisional Syndicate, in such manner as the Chancellor might direct, the old bye-laws and regulations of the University, continuing in force till new ones were framed, except in so far as they were expressly or by implication superseded or modified. Now two things here are absolutely clear—first, that the election of the Provincial Syndicate is to be by the Senate, *i.e.*, the Body Corporate, and, secondly, whatever discretion might be conferred on the Chancellor by the words 'in such manner as the Chancellor may direct,' that discretion is limited, first, by the express terms of the Act and, secondly, by such old regulations and bye-laws as have not been superseded or modified. The Hon'ble Member said last Friday that, unless a very wide meaning was assigned to the words 'in such manner as the Chancellor may direct,' there would be a difficulty about fixing the number of the Syndicate. I am surprised

at the Hon'ble Member's argument, for he forgets that the old regulations prescribe the number, and the Act being silent in the matter, that number must stand. On the other hand, the regulations prescribe election by Faculties, but the Act expressly provides for election by the Senate; therefore the election by Faculties must go. I therefore contend that the scheme of the Act for the constitution of the first Senate and of the Provisional Syndicate is a clear and complete scheme, and the responsibility for the present muddle rests not on those who framed the Act but on those who did not take sufficient care to understand its provisions and exceeded their powers in taking action under it. Indeed, my Lord, I wonder what Sir Thomas Raleigh in his retirement will think of these proceedings in Council and of the justification urged for them, for to my mind they are little less than a reflection on the patient industry and care with which he elaborated the provisions of the Universities Bill; and I think it will strike him as an irony of fate that, while these proceedings should be initiated by those who were among the most enthusiastic supporters of this Bill, it should have been reserved for an uncompromising opponent of the measure to protest against the charge of unsatisfactory work which they involve against him!

My Lord, I have so far briefly sketched what may be called the scheme of the Act. Let us now see how they have followed this scheme in practice at Bombay and Calcutta. In Bombay the election of ten Fellows by Graduates and by old elected Fellows took place all right. The appointment of eighty Government nominees followed in proper form. Finally, these ninety proceeded to co-opt the remaining ten, sitting and voting together as required by the Act. The Bombay Senate was thus regularly constituted and no one has taken any exception to its constitution. Then came the Chancellor's notification about the election of a Provisional Syndicate, in which he arbitrarily divided the Fellows into groups, which he had no power to do, and directed the several groups to meet and vote separately and on separate days, which also he

had no power to do. And when the illegal character of the notification was brought to his notice and opinions of eminent lawyers in support of this view were forwarded to him, the University authorities persisted in acting on the notification, with the result that the aggrieved party had to move the High Court for redress! In Calcutta the catalogue of illegalities was even longer. Here the election of ten Fellows by Graduates and by old elected Fellows took place alright and the Chancellor's nominations were also in regular form. From this point, however, commenced a regular series of irregularities. The ten Fellows to be co-opted were not co-opted by the elected and nominated Fellows sitting and voting together, as required by the Act. The constitution of the Calcutta Senate itself was thus defective. Then the Chancellor divided the Senate into Faculties for the purpose of electing the Syndicate, which he had no power to do. The old regulations which are still in force recognize only four Faculties, but the Chancellor constituted five Faculties on his own responsibility, which was irregular. Under the old regulations every Fellow, *ex-officio* or ordinary, must belong to at least one Faculty; but the Chancellor did not assign the *ex-officio* Fellows to any Faculty, which was irregular. Finally, the Provincial Syndicate was elected by the Faculties, instead of by the Senate, as expressly required by the Act, and this was irregular. And now after all these irregularities have been committed, the Government of India come to the Legislature with a proposal to validate all that has been done! In doing so they ignore the fact that they are interfering with a pending suit, destroying the protection of High Courts which the public prizes above everything else, lowering the dignity of the Legislature, and creating throughout the country a most deplorable impression about the practical irresponsibility of the Executive Government. And yet, when it is said that the action of the Government is a practical admission that the notifications were illegal, the Hon'ble Member thinks it necessary to protest against the inference! My Lord, I think the matter is pretty clear. In any case, the view that the notifications are illegal and *ultra vires* is supported by three distinguished members of the Bombay

Bar—two of them being European Barristers, who have taken no part in recent educational controversies and who occupy the foremost position in their profession at Bombay. Can the Hon'ble Member quote on the other side any authority of equal eminence, of anything like equal eminence, of any eminence at all? Is he prepared to pledge his own reputation as a lawyer to the view that the notifications are legal? And, if he is not, I submit that my inference is a fair inference, and I think I am entitled to draw it. The Hon'ble Member complained last time that I had no alternative course to suggest. This was surely a most extraordinary complaint to make, for in the very next sentence he proceeded to show how my suggestion, namely, that the faulty notifications should be withdrawn and others in accordance with law substituted in their place, would involve waste of time and work and prove harmful to the interests of the Universities. My Lord, I really think that it is the duty of the Government, not less than that of private individuals, to face whatever inconvenience has to be faced in obeying the law. And the only proper and dignified course for the Government was to have waited till the Bombay High Court had pronounced its judgment, and, if that decision had been adverse to the Government, to have withdrawn the notifications held to be illegal and to have substituted others in their place framed in accordance with the law, a validating Bill being at the same time introduced to legalize the work done during the interval by the defectively constituted bodies. If, on the other hand, the Court had decided in favour of the Government, nothing further need have been done in the matter unless the decision had been reversed by a higher authority. The Hon'ble Member drew last time a dismal picture of the results, which would produce a state of uncertainty. That picture, however, need not frighten anybody—at any rate, no one who is acquainted with the inner working of an Indian University. It would not have taken so very long after all to set matters right, and in the interval, the Vice-Chancellor and the Registrar could have carried on the ordinary executive business of the University. And whatever temporary inconvenience

had resulted should have been borne as inevitable. Instead of this the Government have chosen to adopt a course which is hardly respectful to His Majesty's Judges—intervening by means of legislation in favour of one party to a pending suit—which lowers the dignity of the Legislature, and which proclaims that the executive authority in this country is practically above law. I decline to be a party to such a course, and I therefore beg to move the amendment which stands in my name.

[*At the same meeting, when the Bill to validate action taken under the Indian Universities Act was being considered, the Hon'ble Mr. Gokhale moved that after clause 1 of the Bill the following clause be added, clauses 2 and 3 being renumbered 3 and 4, respectively, namely*:—"*2. Nothing in this Act shall apply to the University of Bombay.*" *He said*:—]

My Lord, I have already twice referred to what has taken place at Bombay, but in asking that the Bombay University be excluded from the operation of this Bill, I must recapitulate once more the facts on which I base my motion, and I hope the Council will bear with me while I do so. The most important difference between Bombay and elsewhere has been this—that while in other places the illegality of the notifications was not discovered before the elections and no formal protests were in consequence made at the time, in Bombay even this plea of acquiescence on the part of members of the Senate is not available to Government. Of course such acquiescence or the absence of it does not affect the legal position, but it is a moral consideration of very real importance. In Bombay, the illegal character of the notification was perceived as soon as it was issued. The members who perceived it thereupon took legal opinion. They first consulted Mr. Inverarity and the Hon'ble Mr. Setalwad, who both condemned the notification in unequivocal and emphatic terms as illegal. Then they consulted Mr. Lowndes, who was equally emphatic in his condemnation. All three Counsels thought that the illegality was so patent that it had only to be brought to the notice of the Chancellor, and they felt confident that he would see the necessity of withdrawing

the notification. Armed with these opinions, Sir Pherozeshah Mehta, himself a lawyer occupying a commanding position at the Bar, and several other Fellows approached the Chancellor and asked for a reconsideration of the question before it was too late. All this was done before the date of the first election. The University authorities, however, took it upon themselves to ignore the whole thing and proceeded to hold the elections as directed in the notification. At the meeting of the Arts group the Vice-Chancellor presided, and he allowed a motion to adjourn so as to give time to the Chancellor to reconsider the matter to be put to the meeting. The next day, the Law group met, the Judicial Member of the Bombay Government, whose interest in University matters has hitherto been by no means conspicuous, attended and took the chair, which otherwise would have been taken by the Senior Fellow present—Sir Pherozeshah Mehta—and flouting the ruling of the Vice-Chancellor of the previous day, ruled a motion for adjournment out of order, and after a majority of the members present had left the meeting under protest, got the remaining five, includiug himself, to elect the two representatives for law. These high-handed proceedings left no option to those who saw the illegality and declined to be a party to it but to go to the High Court. And, on this being done, the University authorities have come to the Supreme Government with an appeal to shield them and save their prestige by means of a validating measure. My Lord, to use the powers of the Legislature for validating what has taken place in Bombay is to abuse those powers. For it means validating illegalities committed in the light of day and in spite of warnings and protests. It means validating high-handedness. It means interfering with a pending suit, which on the part of private individuals is regarded as contempt of Court. It means coming between the aggrieved party and the protection which it has a right to look for at the hands of the High Court. It means securing for the wrong-doer the fruits of his wrong-doing. Finally, it means penalizing those who have declined to be a party to an illegal proceeding and have done their best to have it set right; for, as I pointed

out last time, these men did not take any part in the elections—they did not allow themselves to be nominated as candidates, and they did not vote, fully believing that the illegal elections could not be upheld and would have to be set aside; and to uphold the elections now by means of legislation is to disfranchise them. Then, my Lord, there is the question of costs. These men have had to spend money in taking the course they were compelled to take. Counsel do not give their opinion for nothing, neither do they appear to argue a case for nothing and if the matter had been left to be decided by the High Court, their costs would probably have been awarded to them, if the decision had been in their favour. My Lord, does the Legislature exist for the preparation of what may be called Legislative injustice? Was no other course open to the Government? In Bombay, at any rate, there is no question of the Senate having to be reconstituted. The only thing needed is to withdraw the notification about the election of the Syndicate and substitute another in its place in accordance with law. This could be done at once and the new election might take place in a week's time after that. Surely the University of Bombay can exist for a week without a Syndicate, and even the Hon'ble Member in charge of the Bill will have to admit it when it is remembered that from 8th December, when the notification about the new Senate appeared, to 17th January, when the Provisional Syndicate was formed—*i.e.*, for more than five weeks—there was no Syndicate in Bombay, and the Vice-Chancellor and the Registrar carried on the executive business of the University without any hitch. There is thus no reasonable ground for undertaking the present legislation for Bombay, while there are several most important considerations against the course adopted by the Government. I, therefore, beg to move that the Bombay University be excluded from the scope of the Bill.

[*At the same meeting, replying to criticisms on his amendment, the Hon. Mr. Gokhale made the following speech*:—]

My Lord, I desire to offer a few observations by way of reply to what has fallen from the Hon'ble Mr. Richards

and the Hon'ble Sir Denzil Ibbetson. The Hon'ble Mr. Richards began by saying that the confusion that has been caused is admitted by everybody, but this Council is not the place where the legality or otherwise of the notifications issued by the Chancellors can be profitably discussed. I am inclined to agree with him, but he will not allow me to discuss it anywhere else. As a matter of fact, my friends have taken the matter to the High Court, which is surely a properly constituted body to discuss the legality or otherwise of what has been done. But the Hon'ble Member will intervene before the High Court has delivered its decision, and he will pass a law which will take the matter out of the jurisdiction of the High Court, so that, if I may say so, the responsibility for the question being raised here is the Hon'ble Member's and not mine.

Then, My Lord, the Hon'ble Member said that the Provisional Syndicate is only a transitory body and therefore so much fuss need not be made over the manner in which it has been constituted. He said, after all, what will the Provisional Syndicate do? It will attend to the duty of conferring degrees and to a few small details of executive administration. He forgets, however, that the principal work of this Provisional Syndicate will be to draft the regulations which afterwards are to govern the conduct of the business of the University. In Bombay, no matter can be first brought before the Senate until it has been first considered by the Syndicate, and therefore the whole future administration of the University really depends in a measure upon the Provisional Syndicate, and one can easily see how important it is to have it properly constituted.

The Hon'ble Sir Denzil Ibbetson has referred to what was in the mind of the Select Committee when these transitory provisions were framed. I, too, was a member of the Select Committee, but I did not refer before this to what took place in the Select Committee, because I understood that a reference to the proceedings of the Select Committee was not allowed, as they are confidential. However, I may very well follow the example of the Hon'ble Member, and I may say this; if my recollection is right,

the Select Committee did not intend that the Provisional Syndicate should be constituted as it has been in so many places. As a matter of fact, I remember it being said that the principal work of the Provisional Syndicate would be the drafting of rules and regulations, and for that it would be necessary to have a body of men who had the confidence of the whole Senate, and that was necessary to provide.

The Hon'ble Member proceeded to say that, unless the Chancellor had given certain specific directions, there would have been confusion, as there was conflict between the Act and the old regulations.

I think, however, that this fear was groundless. The Act of last year contemplates three authorities being put together before any action is taken. There is, first of all, the Act, which is of course above everything else. After the Act come the regulations, which have not been expressly or impliedly superseded. If there is any conflict between the two, the Act prevails and the regulations go. If there is nothing to bring about a conflict between the two, the regulations supplement the Act. It is only after the Act and after the regulations that the discretion of the Chancellor comes in. The discretion of the Chancellor is to support the regulations and the Act, and not to twist the express language of the Act or of the regulations that are already in force so as to suit his own view of things. If you take these three things together, what do you see? You first of all see that the Act requires that the election shall be by the Senate. Therefore, if the old regulations say that the election should be by Faculties, those regulations are to that extent inoperative. Again, if the old regulations say that the number shall be so and so, the number is not left to the Chancellor. However, I do not wish to elaborate this point any further. The Hon'ble Member said that the Chancellor of Bombay had scrupulously followed the old regulations in the grouping of the members of the Senate. The Hon'ble Member is entirely mistaken. In old times, where a man held a degree in more Faculties than one, he was appointed a Fellow in all those Faculties. The Chancellor, however,

has arbitrarily restricted the members to certain Faculties. For instance, Sir Pherozeshah Mehta holds only an Arts degree, so far as the Bombay University is concerned. He has, however, been relegated to the Law Faculty and removed from the Faculty of Arts. Under the old regulations, this would not have been possible.

I do not think that I need detain the Council further. The defects that you are going to validate are not merely technical, and there is an important principle involved, and I therefore submit that the Bill should not be proceeded with.

[*At the same meeting on the motion of the Hon. Mr. Erle Richards that the Bill, as amended, be passed, the Hon. Mr. Gokhale spoke as follows*:—]

My Lord, I have already spoken thrice on this Bill, but I cannot let it pass without a final word of protest. My Lord, British rule in this country has hitherto been described—and on the whole, with good reason—as the reign of law. A few more measures, however, like the present, and that description will have to be abandoned and another substituted for it, namely, reign of Executive irresponsibility and validating legislation. My Lord, the Government are paying too great a price for what is undoubtedly an attempt to save the prestige of its officers. But is prestige ever so saved? On the other hand, an occasional admission of fallibility is not bad—especially for a strong Government like the British Government. It introduces a touch of the human into what ordinarily moves with machine-like rigidity. It enhances the respect of the people for law, because they are enabled to realize that even the Government respects it. And it strengthens the hold of the Government on the people, because they see that, in spite of its strength, it has a tender and scrupulous regard for the limitations imposed by the Legislature upon it. My Lord, may I, in this connection, without impertinence say one word about Your Lordship personally? Whatever differences of opinion there may be in the country about some of the measures of Your Lordship's administration, the impression hitherto has been

general that during your time the Local Governments and Administrations have had to realize more fully than before that there is a controlling aud vigilant authority over them at the head, and that this authority will tolerate no irregularities on their part. It is a matter of disappointment that this impression should not have been justified in the present instance. My Lord, public opinion in this country being as feeble as it is, the only two bodies that control the exercise of absolute power by the Executive are the Legislature which lays down the law, and the High Courts which see that the law is obeyed. If now the Government is to destroy the protection which the High Courts afford by means of validating legislation, and if the Legislature is to be reduced to the position of a mere handmaid of the Executive to be utilized for passing such legislation, what is there left to stand between the people and the irresponsible will of the Executive? My Lord, I feel keenly this humiliation of my country's Legislature; for though we, Indian Members, have at present a very minor and almost insignificant part in its deliberations, it is after all our country's Legislature. Moreover, I have a faith that in the fulness of time our position in it will be much more satisfactory than at present, and anything that lowers it in the eyes of my countrymen cannot but be regarded with profound regret. My Lord, I will vote against the passing of this Bill.

CO-OPERATIVE CREDIT SOCIETIES.

[*At a meeting of the Imperial Legislative Council, held on Wednesday the 23rd March 1904, His Excellency Lord Curzon presiding, the Hon. Mr. Sir Denzil Ibbetson moved that the Bill to provide for the constitution and control of Co-operative Credit Societies, as amended, be passed. The Hon. Mr. G. K. Gokhale supported the motion in the following speech* :—]

My Lord, after the continuous opposition which it has fallen to my lot to offer to two important measures of Government during this session, it is both a pleasure and a relief to me to find myself in a position to give my cordial and unequivocal support to the present Bill. The proposed legislation is no doubt only a modest measure, so far as its provisions go. But it authorizes a cautious and interesting experiment, which, if it attains any degree of success, cannot fail to exercise a wide and far-reaching influence, especially on the condition of the agricultural classes in India. My Lord, in the growing indebtedness of the Indian agriculturist and the steady deterioration of his general position, the Government of India is called upon to face one of the grave problems that can confront a civilized administration. The difficulties of the situation are enormous and they can be overcome, if they are overcome at all, only by a long course of remedial action, wisely determined, sympathetically undertaken and steadily and patiently adhered to in spite of discouragement and even temporary failure. Such action must include a series of cautious measures, intended both to bring him help and relief from outside, and to evoke or strengthen in him those qualities of prudence, thrift, self-reliance and resourcefulness, without which outside help can do him no great or permanent good. The present Bill is a measure of the latter kind, and though no one can say how far it will prove successful, its operation will be watched by

every one interested in the future of the country with deep interest and in a spirit of hope.

My Lord, in a matter of this kind the function of the Legislature must be confined only to the removal of any special obstacles that may stand in the way. When that is done, the success of the experiment must depend almost entirely upon executive action and the spirit in which and the extent to which the classes concerned and those who are interested in their welfare come forward to co-operate with the Government. For this reason the present Bill cannot be considered apart from the line of practical action which it is proposed to take when the Bill becomes law. This line has been indicated with sufficient fulness in the two luminous speeches made by the Hon'ble Member in charge of the Bill since the introduction of this measure. And the few remarks which I propose now to offer have reference both to the provisions of the Bill, and to the executive measures outlined by the Hon'ble Member to give effect to those provisions.

My Lord, the measure as amended in Select Committee is a considerable improvement on the original Bill, and will no doubt work better in practice. However, the general scheme formulated appears to me to be incomplete in important particulars. To these I beg leave to draw the attention of the Government in the hope that the bounds of executive action will be so enlarged as to place the success of the proposed measure beyond reasonable doubt.

My Lord, the first thing that strikes me on a consideration of the whole question is that there is no provision in the proposed scheme for a preliminary liquidation of the existing debts of those who wish to avail themselves of the opportunity now offered, to improve their position. In making this observation and those which follow, I have in view the condition of the agricultural population only, and I look upon the Bill, though its provisions may be availed of by non-agriculturists, as one intended specially for the benefit of the agricultural community. It is true that the Bill aims merely at organizing on a co-operative basis the

credit of these classes, but such organization, if it is to benefit any considerable proportion of the agriculturists, must be preceded by a liquidation of existing usurious debts. Speaking with special reference to the Bombay Presidency, I may say that our agriculturists may be roughly divided into three classes:—(1) Those who are yet free from debt. These, I believe, form a small proportion of the total number. (2) Those who have already got into debt, but not to such an extent as to be hopelessly involved and who are making honest efforts to keep their heads above water. These, I believe, constitute a considerable proportion of the agricultural population. And (3) those who are so heavily indebted as to be hopelessly involved. These, I fear, are a very large class. Of these three classes, I don't expect that many members of the first class will for the present, at any rate, care to join the proposed societies as the principle of unlimited liability is sure to ffighten them; while the third and last class is beyond the reach of such remedial action as this Bill contemplates. The men, therefore, who will principally form these societies, if the proposed measure attains any degree of success, are those that belong to the second class, namely, those who have already got into debt but whose position has not yet become hopeless and who are, moreover, making honest attempts to save themselves from prospective ruin. These men, however, have not much credit left free to be brought into the co-operative organization and, unless they are helped to effect a clearance of existing liabilities on reasonable terms, no new banking organisation created for their benefit, whether it takes the form of Agricultural Banks or of Co-operative Credit Societies, can prove of much help to them. The need for such preliminary liquidation was recognized by the Government of India in 1884 in the following terms:—"Improvidence of cultivators and uncertainty of seasons are elements which are liable to interfere with a bank's success, and these difficulties might be met by prudent management; yet the bank could not hope to succeed unless it could start in a field where the agricultural classes were unencumbered with debt or were enabled to liquidate their existing debts on reasonable terms." Such a liquidation was carried out in

Germany and elsewhere through the agency of special banks and the ground was cleared for the operation of the new banking organizations. The resources of the proposed societies will be extremely limited, and it is out of the question that they can by themselves find the funds necessary for such liquidation. The Government must come to their help in this matter and, if such help is not offered, the proposed experiment will have but small chance of proving successful.

Section 7 lays down for rural societies the principle of unlimited liability except in special cases. Responsibility for *pro rata* contributions to the repayment of a society's debts would be a desirable limitation on the liability of members, as is allowed in the German Law of 1889. Unlimited liability no doubt strengthens the position of the societies greatly in the money-market; but it is a principle which our raiyats in many parts of rural India can scarcely be made to understand. Each member to be liable in all his property for his society's debts—this is to them an entirely foreign idea, and in most parts, it is to be feared, would deter people from joining such associations. Responsibility in equal shares on the common partnership principle may be better appreciated and would be enough for a start. In Germany, the principle of unlimited liability is an old time-honoured economic tradition, and works admirably. It is the keystone of Schulze and Raiffeisen societies. Elsewhere, in Italy and other countries, it has had to be acclimatized with immense toil. In India, where every such thing is new, I fear it will be a mistake to aim at too much at the start. Insistence on such a principle would keep away from the new societies those very classes whose help and co-operation would be indispensable.

As regards funds, the societies are allowed to receive deposits from their members, and borrow from outsiders. No other financial resource is provided for. This to my mind is the weakest part of the scheme. Even in European countries, such popular banks (*e.g.*, the Schulze-Raiffeisen and Luzzatti-Wollemborg Societies) do not depend exclusively on deposits and loans. In India, as regards

deposits, looking to the condition of economic exhaustion and material resourcelessness which at present prevails in the rural parts, such deposits from those who might join these societies cannot be expected to flow in either fast or in any large volume. The associations would be mainly and for years more or less borrowing associations. As to loans it is somewhat surprising to find that the Bill allows the credit societies to borrow from 'persons who are not members' though, of course, under restrictions. The money-lender thus comes in and there is no guarantee that he will not exact usurious interest. Besides, where protracted periods of misfortune intervene, like the past decade in the Dekkhan, there is present the risk of these societies getting into the clutches of the money-lender just as individual raiyats now do. The risk may be obviated and the financial position of the new societies improved in two distinct ways, as is done in European countries. First, these rural societies should not be left to shift for themselves as best they could, as isolated units, but might be allowed to be federated into unions for mutual support and help, and these unions linked to a Central Bank, which might serve as an intermediary between them and the money-market and also help to equalize funds by lending the surplus of some to meet the needs of others. Each District might have a Central Bank of this nature to which the rural unions would be affiliated on a joint stock basis and to serve as a focus of business. Further, these District Central Banks might be linked on to the Presidency Banks, one for each Presidency or Province. Some such scheme of filiation might materially help these societies and to a large extent remove the difficulty of financing them. However, I fear the realization of such a scheme must be the work of time and must be preceded by the proposed societies attaining in their own places a certain measure of success, however limited it may be. But there is another resource, which might be made available to these societies without any difficulty, and it is that these societies might be allowed to have each a savings bank attached to it, as is done in Germany and Italy. They would thereby be able to draw together small savings within their territorial limits and utilize them for productive

use. At present no facilities practically exist in our villages for the deposit of savings. The total number of villages in British territory in India is over 5½ lakhs, while the savings banks (head and sub-banks) number only 7,075; and the total number of depositors is nearly a million, of whom only about fifteen thousand are agriculturists—not even 2 per cent. So it would be a great help to the rural classes and meet a *felt* want if these societies were allowed under the new scheme to have each a savings bank of its own—operating, of course, within its own territorial limits. These savings banks would thus serve a double purpose. (1) The rural classes will have facilities for the deposit of their little savings, where practically none exist at present. This would encourage thrift. (2) The credit societies will have a new source of financial aid placed within their reach on a commercial and safe basis. Indirectly, too, the better-to-do classes, who might not join the new associations, would, if they were to deposit their savings with these societies, help them most materially.

The absence of some summary procedure to recover the debts due to the societies is also likely to interfere with the success of these societies. I admit the full force of the observations made by the Hon'ble Sir Denzil Ibbetson on this point. It seems to me, however, that on the whole the balance of considerations lies on the side of providing some such procedure, or at any rate some special machinery of arbitration. Section 26 provides for a summary recovery of debts due to Government. But the societies must go to the Courts and bear the expense and delays of such procedure. I think some summary procedure is necessary, and special Courts might be organized for the adjudication of such claims.

In conclusion, I entirely approve the idea of trying the proposed experiment first in a very few selected localities only. So much depends upon the success of this experiment that every care must be taken to try it in the most favourable circumstances. The sympathy of local officers will of course be available to the full, but the Government will further have to offer very liberal financial

assistance, at any rate, in the earlier years of the experiment. Public confidence in the success or practicability of a new organization is unfortunately slow to grow in a country where the people have for long centuries been accustomed to look for everything to Government and private initiative seems to be almost paralysed. But when once such confidence springs up, it is not likely shaken. Very great responsibility, therefore, will rest on those who are entrusted with the task of supervising the first experiment, and I earnestly trust, my Lord, that no possible effort will be spared to make that experiment as complete a success as is, in existing circumstances, possible.

THE SINDH ENCUMBERED ESTATES ACT.

[*At a meeting of the Imperial Legislative Council, held on Saturday the 17th February 1906, His Excellency Lord Minto presiding, the Report of the Select Committee on the Bill to amend the Sindh Encumbered Estates Act, 1896, was taken into consideration. The Hon'ble Mr. Gokhale moved that in sub-section (2) proposed to be added to section 22 of the Sindh Encumbered Estates Act, 1896, by clause 6, sub-clause (c), of the Bill, as amended by the Select Committee, for the words "as may appear to the manager to be" the words "as may be" be substituted, and that all the words after the word "circumstances" be omitted. He spoke as follows* :—]

My Lord, as I have stated in my minute of dissent, I am in sympathy with the general principles of the Bill, and I should have been glad to give a silent vote in support of the measure, but for the fact that one or two of the provisions of the Bill are open to serious objection and will in my opinion be productive of injustice in practical operation. The Council must have seen by this time that one important change that the Bill proposes to make is where it empowers the manager to disturb even old leases either by revision or cancellation. I say nothing about the policy of re-opening these leases. If it is necessary, in order to secure effectively the objects of the old Act, to disturb these leases, by all means let the manager have that power. But the Legislature should see that in giving this power it does not empower the manager to inflict injustice on an innocent party. It is admitted by the Hon'ble Member in charge of the Bill that some of the lessees who might be dealt with under this provision are likely to be agriculturists. And I would submit to the Council that where a lease has been obtained *bona fide* or where it has been obtained by a man who is not a money-lender, then no case whatsoever has been made out for closing to him the Civil Courts in regard to the compensation to which he may be justly entitled. The Hindu Sabha has given

instances where the manager set aside two leases—one obtained for Rs. 21,000 and the other for something like Rs. 60,000. In each case the manager declined to pay compensation for cancelling the lease, but in each case resort to the Civil Courts resulted in compensation being awarded. This shows the danger of making the manager the sole master of the situation which it is now proposed to do, as the Bill leaves the question of compensation practically entirely to the manager. The object of my amendment is twofold. First, to secure that where an old lease has been set aside by the manager, compensation which is not merely equitable in his opinion, but which is reasonable in the circumstances, shall be paid to the lessee. Secondly, if there is a dispute as to whether reasonable compensation has been offered or not, the Civil Courts shall not be closed to the aggrieved party. My Lord, I submit that this proposal to leave everything to the Manager is not justified. It is true that the manager is an officer of Government. All the same he is in the position of an interested party. He is expected to free these estates from incumbrances and naturally his bias must be against the money-lenders or others who may have claims on the property. I do not say that he would be consciously unfair; but his bias may lead him to take a view of the situation involving serious injustice to a lessee. The only argument that I have heard in favour of the proposed provision is that the Civil Courts take a long time in settling disputes. It is said that, if the manager has to wait for their decision before taking effective steps to free an estate from incumbrances, then he would have to wait a very long time indeed. I think this objection will be met by what I have proposed in my two amendments. If it is provided that the manager should offer what he thinks fair compensation, leaving it to the other party, the lessee, to accept or refuse it, and to go to Court if he refused it—if this is done and then the power of eviction is vested in the manager after such compensation is offered, the manager would be able to take the estate into immediate possession and the question of compensation will have to be fought out in the Law Courts. One advantage of leaving the Courts open will

be to give a due sense of responsibility to the manager. If he knows that his action is liable to be challenged in a Court of Law that in itself will make him hesitate before he offers compensation which is wholly inadequate. I really do not understand why the Government should show such a want of confidence in their own Civil Courts. It is a general feeling that there has been a tendency of late for the executive to encroach upon the province of the judiciary, and I regret that this provision to which I have taken exception is likely to emphasize this impression. The policy of Government in dealing with agricultural indebtedness by means of legislation is also already regarded with a certain amount of prejudice by the people, and this prejudice is likely to be still further aggravated by provisions such as this, which in practice will, without doubt, result in injustice and confiscation.

[*At the same meeting, the Hon'ble Mr. Gokhale moved that in sub-section (4) proposed to be added to section 22 of the Sindh Encumbered Estates Act, 1896, by clause 6, sub-clause (c), of the Bill, as amended by the Select Committee, between the word "cancelled" and the word "refuses" the words "and to whom any compensation awarded has been paid or offered" be inserted. He spoke as follows:—*]

The object of this amendment is this. The manager sets aside an old lease and he awards a certain compensation to the lessee. The compensation is not actually paid, but the manager merely enters the amount in the list which he keeps in his office; and on the mere strength of his having set down this amount against the money-lender or lessee, he proceeds to evict the lessee and take possession of the estate, which up to that time was in the possession of the lessee. Now this is very hard on the lessee. I recognize that the Select Committee have to a certain extent modified the provisions of the Bill as originally drafted, in this respect, and as far as it goes, the modification is an improvement. As the Bill was originally drafted, there was no provision as to when this compensation may be paid. The Select Committee have given this compensation precedence over all liabilities except the liabilities due to Government. To that extent I think the

Select Committee have improved the original Bill. But this does not go far enough. The Hindu Sabha has pointed out that there have been numerous cases where claims have been awarded, but not paid. The amount has been fixed, but though it is several years, it has not been paid and no interest is allowed. We are also told that the manager often finds it difficult to raise loans. I may point out that when the amount of compensation has been settled, it is to the advantage of the estate that the payment of this amount should be postponed as long as possible. If the manager had to pay interest, he would pay the amount as soon as possible, because otherwise interest charges would accrue. But since he is not bound to pay interest, it is to the advantage of the estate that the payment to be made should be postponed as far as possible. Now this is most unjust. A lessee may have invested his all in securing a lease. Such cases may be very few, but that does not affect my argument. He may have enjoyed the lease, or his children may have done so, for a number of years. Suddenly the manager comes in, sets aside the lease and puts down a certain sum in his list as due by way of compensation, and proceeds to evict. What are these people to do? On what are they to live since they have invested their all in securing the lease? Cases of this kind are likely to occur, and it does not seem to me to be right that the legislature should arm the manager with powers to inflict such injustice. My object, moreover, in moving this amendment is larger than this. I want to raise the question of the policy of Government in regard to this matter. The question of agricultural indebtedness has been hitherto sought to be dealt with by the Government by a mere turn of the legislative screw only. The Government in the past have carefully shrunk from accepting any money responsibility. I think this is not the proper way of proceeding to deal with the question. Local Governments have repeatedly urged upon the Government of India the necessity of their advancing money in order that liquidation schemes may be taken in hand and pushed on. If you leave managers to raise money in the open market for the purpose, then it is merely a choice of exchanging one set

of creditors for another set of creditors. I have looked up the proceedings of this Council when the Act of 1896 was passed and when the financial policy of the Government of India on this subject was enunciated by Sir James Westland. It must, however, be remembered that the finances of the Government were not in such a prosperous condition in those days, and therefore any enunciation of the policy of the Government made in those days need not hold good to-day. Sir James Westland remarked that it was quite true that the Government could borrow at 3½ per cent. and advance at 5 per cent. and this would be not only to the interest of the estate which could not borrow at 5 per cent. in the open market, but it would also be to the interest of the Government, because the Government would be making a profit. But he said that the Government would in that case be entering the money-market in competition with private money-lenders, and thereby inflicting unjustifiable injury on the latter. It would thus seem that a tender solicitude for the interests of the money-lender, who otherwise has always been treated as if he was beyond the pale of civilized society, is at the bottom of the policy of Government. But if the money-lender does not deserve sympathy, what does it matter to the Government whether he has a prosperous business in any particular locality or not? I do not see why his interests should stand in the way of a proposal which in every respect is admitted to be a beneficial one. It must be remembered that the Local Governments—notably the Government of Bombay—have always been in favour of the policy I am urging. If the Government revises its present policy and loans are raised by the Government specially for the purpose of freeing encumbered estates, then all these difficulties will disappear. A compensation that is thought fair may at once then be offered and paid to the lessee, and then there would be no grievance so far as his eviction was concerned.

I understand that the Finance Department has always strenuously resisted the adoption of such a policy and it may be urged by the Finance Minister that the borrowing powers of Government are limited, and whatever loans

can be raised are required for railways and other public works. Now, in the first place, there is nothing to prevent the Government of India from approaching the authorities in England for increased borrowing powers; and, secondly, the surpluses which the Government may have as in recent years might be ear-marked for the relief of agricultural indebtedness. During the last seven years the surpluses have amounted to over thirty millions, and these surpluses have been almost exclusively devoted to the extension of railways. If a considerable portion of this money had been set aside for the relief of agricultural indebtedness, a great deal of good work might have been done. However, there is no use in talking about the past, but there is nothing to prevent the Government in ear-marking such amounts in future. The Finance Department, it may be remarked, need not after all be the whole Government of India, and if the Government will adopt a liberal and courageous policy, the Finance Department will have to carry out that policy.

[*At the same meeting, replying to criticisms made on his amendment above, the Hon. Mr. Gokhale made the following speech* :—]

The Hon'ble Sir Denzil Ibbetson deprecates my reference to the financial policy of the Government on the score that this is not a discussion on the Budget. I should have thought that, considering how this same question was raised and discussed at some length—discussed by the members of the Government itself—in 1896, when the Act which we are now amending was last before the Council, this should have been about the last objection which anyone, especially a member of Government, should have raised to my remarks. However, as the Hon'ble Mr. Baker has made a statement on the subject, I will not say anything more about the Hon'ble Sir Denzil Ibbetson's objection. I will only content myself with the remark that, if Sir Denzil Ibbetson wishes me to postpone my remarks till the Budget is before us, I am quite prepared to do so, and I only hope he will then deal with the question fully. As regards what he has said about not paying the lessee at

once, the whole argument is, I fear, based on an assumption which is not justified. He used the word 'inequitable' over and over again. What right has he to assume that a lease that is set aside is necessarily inequitable? The power of the manager to set aside a lease is not confined to inequitable leases. I do not think any one is justified in assuming that because in the interests of an estate the manager thinks fit to set aside a lease, therefore the lease is bad and the lessee is not entitled to the protection of the Law Courts or whatever other protection he is at present able to seek.

As regards the financial policy of Government, the statement which the Hon'ble Mr. Baker has made is to a certain extent satisfactory, in that it shows that the door is not absolutely closed to the adoption of a policy such as I have suggested. In 1896, when Sir James Westland dealt with this question (I looked at the proceedings only this morning and so I speak with my memory refreshed), he dealt with it on the lines which I have indicated, and put it as a question of not entering into competition with the money-lenders and thereby injuring their legitimate business. He went so far as to say that even if a manager could raise loans in the market at a rate of 6, 7 or 8 per cent. interest from the money-lenders, that would be a much fairer course to pursue than that the Government should come in and advance money at 5 per cent. and thereby disturb the business of the money-lenders.

As regards the borrowing powers on the Government, I have always understood that there was a limit imposed upon the annual borrowing powers of the Government of India. I remember having read the report of a Parliamentary Committee appointed more than twenty years ago, of which, if I remember right, Lord George Hamilton was Chairman. That Committee made some recommendations, and the restrictions then imposed, I thought, held good to-day. If there is no limit, there need be no difficulty in borrowing more than the usual loan for public works, because the credit of the Government of India is as good as that of any Government in the world.

The question is this: Is the question of dealing with agricultural indebtedness as important as the necessity of extending railways or dealing with frontier difficulties, and similar questions? The Government freely borrows for these latter purposes. To my mind borrowing for the relief of agricultural indebtedness is a necessity as great as any of these. The whole policy of the Government in this matter has got to be revised and placed on a larger basis. I quite admit that it would not be possible to discuss such a policy in all its bearings when a small Bill like this dealing with a particular province is under discussion. I have only thrown out a suggestion, and notwithstanding the remarks of the Hon'ble Mr. Baker, I venture to hope that it will engage the attention of Government at an early date.

THE SEDITIOUS MEETINGS ACT.

[*At a meeting of the Supreme Legislative Council held in November 1907, the Hon'ble Sir Harvey Adamson moved that the Report of the Select Committee on the Bill to make better provision for the prevention of meetings, likely to promote sedition or to cause a disturbance of public tranquillity be taken into consideration. The Hon'ble Mr. Gokhale said:*—]

For many years now it has been a well established practice of this Council that no important legislation—especially of a controversial character—should be enacted at Simla, but it should be reserved for the session at Calcutta, where alone the assistance of all Additional Members is available. This practice has behind it the authority of a clear instruction from the Secretary of State. Thirty-two years ago, on the Government of Lord Northbrook passing an important measure at Simla, Lord Salisbury, then Secretary of State for India, deemed it necessary to address a remonstrance to the Governor-General in Council in the following words:—

> In providing that laws for India should be passed at a Council consisting not only of the Ordinary Members of the Executive Government, but of Additional Members specially added for the purpose (of whom some have always been unofficial), it was the clear intention of Parliament that in the task of legislation the Government should, in addition to the sources of information usually open to it, be enlightened by the advice and knowledge of persons possessing other than official experience.

Of these you were unfortunately deprived in discussing the subject in respect to which the assistance of non-official Councillors is of special value. My Lord, it is a matter for deep regret that the Government of India should have thought it proper to depart from this wise and salutary practice in the present instance. But the absence of most Additional Members from to-day's meeting is not my only ground of complaint against the course adopted by Government. I think it is no exaggeration to say that

this Bill has been received throughout the country with feelings of consternation and dismay, and yet it is being rushed through this Council in such hot haste, that practically no time has been allowed to the public to state its objections to the measure. The Hon'ble Sir Harvey Adamson, in introducing the Bill last Friday, observed :—

> From the date of its publication in the Gazette to the date on which it will be finally considered, an interval of twenty days has been allowed. I am confident that the time is sufficient for a full consideration of the merits of the Bill.

I suppose the Hon'ble Member was indulging in a bit of cynical humour when he said this. Else, my Lord, it is not possible to understand his statement. I presume the object of publication is to give the public affected by the proposed legislation an opportunity to say what it thinks of the measure. This it can only do after it has had time to examine the provisions of the Bill, and such examination must, in fairness to Government, be made in the light of the reasons adduced by the Member in charge in introducing it. Now, my Lord, this Bill was published at Simla on 11th October, and its provisions, as telegraphed from here, appeared in the columns of the daily press of the country on the morning of the 12th. There are only seven or eight towns in the whole of India which have a daily press of their own. Of the others, the more important ones, which are served by these same dailies, have to wait for a day or two, and, in some cases, for even three or four or five days, before they get their daily budget of news. The smaller towns have, as a rule, to content themselves with weekly newspapers only. The Hon'ble Member must therefore allow at least a week's time for anything telegraphed from here to spread all over so vast a country as India. Then, my Lord, the Bill was introduced in this Council only on 18th October, and a telegraphic report of the Hon'ble Member's speech in introducing it appeared in the dailies only on the morning of the 19th. Allowing another week as the very least time required for the speech to penetrate into the interior of the country, it brings us down to 26th October as the earliest date by which the whole case of the Government may be assumed

to have been before the people. After this, some time would be required for deliberation, for the formulation of objections and for these objections to reach the Government; and even if a month had been allowed for this purpose, it would hardly have sufficed. Meanwhile, what happens here? The Select Committee, to whom the Bill was referred for consideration, meets on 22nd October, concludes its deliberations on 23rd, and makes its report on 24th! Now, every one knows that once the Select Committee has made its report, the door is closed on all further modifications, and therefore for any expression of public opinion to be of the slightest value in influencing the character or details of a Bill, it must reach the Government before the Select Committee finishes its labours. It is for this reason that the Rules of this Council lay down that ordinarily a Select Committee shall not make its report sooner than three months from the first publication of a Bill in the *Gazette of India*. In the present case the Select Committee had not the advantage of a single expression of public opinion to assist it; and even those few telegraphic protests, which had been received by the Government and of which some of us had received copies independently, were not laid before the Committee. My Lord, in the face of these facts, to speak of having allowed sufficient time to the public for a full consideration of the Bill is to mock public opinion. Better for that the Hon'ble Member had said: "The Legislature exists in India only to register the decrees of the Executive. The passage of a Bill through the Council is a mere formality, and on occasions like the present an inconvenient formality. We are facing the inconvenience in this case simply because we must face it. But the people may as well spare themselves the trouble of making any representations to us. For we have made up our mind and nothing they can possibly say will affect our determination to make this addition to the Statute-book. Moreover, it is not for them to reason why or to make reply. Their only business is to obey." That the Hon'ble Member is not wholly unconscious of the fact that he has given practically no time to the public for what he calls "a full consideration of the merits of the Bill" may be seen from his providing himself with a

second line of defence. He says that though the Bill has been before the public for a few days only the Ordinance which was promulgated in May last for the Provinces of East Bengal and the Punjab has been before the country for the last five months! He might as well have said that we had the History of Ireland before us all these years, or that we could not be altogether ignorant of what was taking place before our eyes in Russia!

My Lord, I can imagine circumstances of such extreme urgency and such extreme gravity as to necessitate the passing of a law of this kind and passing it even in the manner the Government have adopted. Had there been an active and widespread movement of resistance to authority afoot in the country, if breaches of public peace had been frequent, if incitements to violence had been the order of the day, I can understand the Executive wanting to arm themselves with these vast powers of coercion. But, my Lord, can any one truthfully say that such a state of things has arisen in the country? On the contrary, I assert, without fear of contradiction, that there is nothing in the circumstances of the land which constitutes even a distant approach to such a situation. It is true that there is widespread discontent throughout the country and very acute discontent in one or two Provinces, and to this discontent is now being added a fresh feeling of resentment—daily growing deeper and stronger—on account of the policy of repression on which the Government have embarked. But of active disaffection there is really very little anywhere, and whatever there is, is due to causes which lie almost on the surface, and should, therefore, be not difficult to understand. The Statement of Objects and Reasons, appended to the Bill, says:—

> The occurrences of the last six months have convinced the Government of India that it is necessary, for the preservation of the public peace and for the protection of the law-abiding members of the community, to incorporate in the general law of an effective measure for the prevention of the seditious meetings and to take power to bring its provisions into operation in any part of India as occasion may require.

And the Hon'ble Member, in introducing the Bill, observed:—

We had hoped that the need for an enactment of this kind would cease before the Ordinance expired, but in this hope we have been disappointed. It has become painfully apparent that persistent attempts continue to be made to promote sedition and to cause such ill-feeling as is calculated to disturb the public tranquillity, and that these attempts are not confined to the two Provinces which came under the scope of the Ordinance.

My Lord, these are serious but vague statements, and I am astonished that the Hon'ble Member has not seen the necessity of supporting them by the testimony of facts. He mentions no cases, no statistics ; one general assertion that persistent attempts continue to be made to promote sedition, and he thinks he has established the need for enacting drastic law of this kind for the whole country ! With due deference, I submit this is not a fair proceeding, and the vast bulk of the people throughout India, who are perfectly law-abiding, have just cause to resent it. Let us examine the Hon'ble Member's contention a little closely. He says, first, that he had hoped that after the expiry of the Ordinance of May last, it would be unnecessary to renew its policy in the two Provinces in which it was in force, but that in this hope he has been disappointed; and, secondly, that unless that policy is extended to all the other Provinces of India, public tranquillity in those Provinces also would be in danger of being disturbed. Now, what are the facts ? Let us take the Punjab first. In the whole of this Province there has been, as far as I am aware, only one public meeting since the promulgation of the Ordinance. It was held in Delhi, before Delhi was proclaimed ; it was attended by both Hindus and Mahomedans, and its object was to express regret at Lala Lajpat Rai's deportation. There has been no disturbance of public tranquillity anywhere in the Province during the time. The Hon'ble Member will very probably say—"But this is all due to the Ordinance" ! Assuming for a moment, for the sake of argument, that it is so, the fact remains that the Hon'ble Member has no reason to complain of any diappointment in the Punjab. Turning next to East Bengal, we find that there too, after the Hindu-Mahomedan disturbances, which led to the promulgation of the Ordinance, were over, there has been no public disturbance. There have also been no public meetings held in

defiance of the Ordinance, so far at least as the public is aware. A District Conference was proposed to be held at Faridpur with the District Magistrate's permission, but on his objecting to two of the resolutions on the Agenda paper—one about the deportation of Lala Lajpat Rai, and the other about the boycott of foreign goods—the organisers thought it best to abandon the Conference. There was great public indignation and disappointment in consequence, but there was no breach of the peace. It is possible that the Secret Police have been sending up to Government reports of meetings held surreptitiously in private houses in proclaimed areas in Eastern Bengal, and indeed the Hon'ble Member says as much in his speech of 18th October. But, in the first place, it is necessary to accept with great caution what the Secret Police say in their reports, as the trial at Rawalpindi and other recent events have shown. And, secondly, even assuming that such meetings have been held, there have been no breaches of the peace, and no serious harm seems to have been done; and I think in affairs of State, no less than in private life, it is often the part of wisdom to wink at things, which it is difficult to prevent and which do no serious harm to anybody. So much about the two Provinces in which the Ordinance has been in force since May last. Outside these Provinces, public disturbances have taken place only in two places in all India—one at Cocanada, in the Madras Presidency, some time ago, and the other at Calcutta more recently. The former had its origin in an assault made by a European officer on a student for shouting the words *Bande Mataram*. In the latter, the Police themselves are alleged to have been the aggressors. But whatever the origin of these two disturbances, and however much one may deplore them, they certainly do not furnish any justification for saddling the whole country with such a measure as the Council is asked to pass into law to-day. As regards public meetings in the different Provinces, with the exception of some held in Calcutta, I do not think that they have been of a character to attract special public attention. Strong things have no doubt been said at some of these against the Government and even wild things have probably been said at a few, but this

has been largely due to the measures of repression which the Government have thought fit to adopt since May last. My Lord, I do not think there is really anything in the situation of the country which may not be dealt with adequately by the ample powers which the Government already possess under the existing law, if those powers are exercised with tact, judgment and firmness. In any case there is nothing of such urgency and such gravity as to require an immediate resort to the dangerous provisions of this Bill and to justify its being rushed through this Council in this manner. The Hon'ble Member says that as the Ordinance of May last expires on 10th November, unless the Bill is passed before that date, there would be a *hiatus*. This applies only to Eastern Bengal and the Punjab, and of these, the Punjab has been so absolutely quiet that the Government of India may well give it a chance of being again under the ordinary law. And as regards East Bengal, if the situation showed signs of real anxiety, the Government could issue another Ordinance, or legislation might be undertaken in the Local Legislative Council. In such matters it seems to me far fairer that if there must be legislation, it should be undertaken by Provincial Governments in their own Councils. Such a course will ensure a proper discussion, with full knowledge on both sides, of all the special circumstances of a Province on which the Executive base their demand for extraordinary powers. It will also obviate the risk of enacting coercive legislation for those Provinces for which the ordinary law ought to suffice.

My Lord, the bulk of the educated classes in India feel, and feel keenly, that during the last six months, their aims and their activities have been most cruelly misrepresented before the British public, and that they have not had fair-play during the time. Exaggerated importance has been attached to the utterances of a few visionaries, and advantage has been taken of every accidental circumstance to represent an agitation for reform and for the removal of specific grievances as a moment of revolt. The malignant activity of certain unscrupulous Press correspondents has been largely responsible for achieving this

result, but unfortunately colour has been lent to their stories by the series of repressive measures which the Government themselves have adopted. The saddest part of the whole thing is that the Secretary of State for India has fallen a victim to these grievous misrepresentations. Possessing no personal knowledge of the people of this country, and overwhelmed with a sense of the vast responsibilities of his office, he has allowed his vision to be obscured and his sense of proportion to be warped. From time to time he has let fall ominous hints in the House of Commons, and more than once he has spoken as though some great trouble was brewing in India, and the country was on the eve of a dark disaster. My Lord, in these circumstances, the passing of a Bill like the present and in such hot haste, is bound to have the effect of confirming the false impression which has been already created in England, and this cannot fail to intensify and deepen still further the sense of injustice and injury and the silent resentment with which my countrymen have been watching the course of events during the last few months. I think the Government are repeating in this matter the great mistake they made when they partitioned Bengal. Whatever advantages as regards administrative efficiency may have been expected from that measure, it has cost the Government the good will of the vast majority of the people of that Province, and this is a loss which no amount of administrative efficiency can balance or compensate. Similarly, for one man whose wild talk the Government may be able to prevent by this Bill, nine hundred and ninety-nine will smart under a sense of injury that they have been placed under a law which they have not deserved and their minds will drift away silently and steadily from the Government, till at last their whole attitude towards the administration is changed.

My Lord, so much has of late been said and heard of sedition in India, that a brief inquiry as to how far it really exists and to the extent to which it may exist, what is its origin and its character, may not be out of place at to-day's meeting. Five years ago, when Lord Curzon announced to the whole world at the Delhi Durbar that the people of

India were frankly loyal to the British connection and the British Crown, I believe he stated but the bare truth. Now, when any one speaks of loyalty in India in this connection, he speaks not of a sentiment similar to that of feudal Europe or of Rajput India, but of a feeling of attachment to British rule, and of a desire for its stability based on enlightened self-interest—on an appreciation of what the rule has on the whole done for the people in the past and of the conditions which it ensures for future progress. In this sense the educated classes of India have been from the beginning entirely loyal. It was, however, inevitable that they should gradually grow more and more dissatisfied with their own position in the country and with the existing system of administration, and twenty-two years ago they started an organized agitation for reform. This agitation, perfectly constitutional in its aims and methods, rapidly grew all over the country from year to year. It had not received much encouragement from the Government, but no serious obstacles had anywhere been thrown in its way, and its current flowed more or less smoothly and on the whole free from racial bitterness till Lord Curzon's time. Then came a great and, in some respects, a decisive change. Lord Curzon's reactionary policy, his attempt to explain away the Queen's Proclamation, his unwise Convocation speech at Calcutta—all these produced intense exasperation throughout India. This exasperation was the worst in Bengal, because, though Lord Curzon's measures affected all India, they fell with special weight on Bengal. And when on the top of these measures the Partition of Bengal was carried through, a bitter and stormy agitation sprang up in that Province, in which the general agitation for reform soon got completely merged. The bitterness of Bengal agitation gradually came to communicate itself to the reform movement all over the country by a sort of sympathetic process. Bengal has always been the home of feeling and of ideas more than any other part of India. The people took to heart very deeply the failure of their agitation against the Partition, and then the more reckless among them began to ask themselves new questions and came forward to preach what they called new ideas. It is true that they have received a

certain amount of hearing in the country, but that is more on account of the passion and poetry of their utterance than on account of any belief in the practicability of their views. Their influence, such as it is to-day, is due to the alienation of the public mind from the Government, which has already occurred, but which the Government have it still in their power to set right. Measures of repression will only further alienate the people, and to that extent will strengthen this influence.

At the beginning of this year, another acute agitation sprang up, this time in the Punjab, against the Colonisation Bill and other agrarian grievances, and a fresh element of bitterness was added to the situation by the State prosecution of the *Punjabee* on a charge of exciting racial ill-will, when the *Civil and Military Gazette* had been let off with only a gentle remonstrance. This agitation too on its side swallowed up for the time the general reform agitation in the Punjab, and the reform movement in other parts of India could not escape being affected by it. Then came the demonstrations at Lahore and the disturbance at Rawalpindi, and then the repressive measures of the Government—notably the deportation of Lala Lajpat Rai, the arrest and prosecution of Rawalpindi pleaders and the Public Meetings Ordinance. The whole country was convulsed and while the Punjab itself was paralysed, in other parts of India even the most level-headed men found it difficult to express themselves with due restraint. That a man like Lala Lajpat Rai, loved by thousands not in his own Province only, a man of high character and of elevated feeling, a keen religious and social reformer, and a political worker, who, whatever his faults, worked only in broad daylight, should have been suddenly arrested and deported without a trial—this was a proceeding which stunned the people throughout India. And as regards the Rawalpindi case, what shall I say! For four months the whole country witnessed the spectacle of the venerable Lala Hansraj, a man as incapable of promoting disorder as any member sitting at this table—with other gentlemen equally respectable, rotting in the lock-up on a charge of inciting to violence and

conspiring against the Crown! My Lord, it will be long before the memory of the sufferings of these men is wiped from the public mind. Meanwhile the country is waiting to see how the authorities deal with those who brought these sufferings on them by producing evidence which the trying Magistrate has pronounced to be 'most untrustworthy and probably fabricated'! My Lord, with these things happening in the country, is it any wonder that the voice of those who counsel patience and moderation and self-restraint should be for the time at a discount among their countrymen? The occurrences of the last six months have afforded ample encouragement to those who like to talk strongly and do not occasionally mind talking wildly.

This, then, is the position. A few men in Bengal have now taken to preaching a new gospel, and here and there in the country one occasionally hears a faint echo of their teaching. But their power to influence the people—to the extent to which they are able to influence them—is derived mainly from the sense of helplessness and despair which has come to prevail widely in the country, both as regards the prospects of reform in the administration and as regards the removal of particular grievances. The remedy for such a state of things is therefore clearly not mere repression but a course of wise and steady conciliation on the part of the Government. Your Lordship has already taken a most important step in the direction of such conciliation so far as the Punjab is concerned by vetoing the Colonisation Act. Let the work of conciliation be carried further, let the deported prisoners be brought back, and if the Government have anything against them, let them have a fair trial; and let the Province remain under the ordinary law after the Ordinance expires. As in the Punjab the Colonisation Act has been vetoed, so in Bengal let Partition be modified in some manner acceptable to the Bengalees. The causes of acute discontent in these two Provinces will then have disappeared and the old stream of a movement for reform will be separated from the bitter tributaries that have recently mingled with it. The Government can then deal with the question of reform on its

own merits, and if it is handled in a spirit of broad-minded statesmanship a solution may be arrived at which will give general satisfaction. In this connection, I would like to say a word about a remark that fell from the Hon'ble Sir Harvey Adamson on 18th October. Speaking of the necessity of coercion, the Hon'ble Member said: 'The Government of India have all along recognised that unrest is not solely the outcome of seditious agitation, but has its basis on the natural aspirations of the educated Indians. To meet these aspirations and to associate Indians more closely in the administration of the country, we formulated a large and generous scheme of reform which is now before the public for criticism.' And he proceeded to express his disappointment at the reception which the schemes had met with and to complain that that reception showed that the Government had to deal with a section of irreconcilables. My Lord, I am sure the Hon'ble Member had no intention of branding all who are unable to grow enthusiastic over the Government proposals as 'irreconcilables.' The words employed by him have, however, been so understood, as may be seen from the telegram of the Bombay Presidency Association, and this is rather unfortunate. But what I want to say is this. If the Hon'ble Member expected that the publication of the Government scheme of August last would allay the discontent in the country in any degree, he was bound to be disappointed. The scheme is neither large nor generous, and in some respects it is not a scheme of a reform at all. And the general disappointment which it has occasioned has necessarily intensified the prevailing feeling of discontent. As though this was not enough, the language employed in explaining the proposals is in some places unnecessarily offensive to certain classes. And taken as a whole, the document, I regret to say, lacks that dignity of statement which one always likes to see associated in an important State paper.

My Lord, it has been said that though this Bill may be passed for the whole country, yet the people of any given place have two safeguards before they actually come under its provisions. The first is that the Government of India must extend this Act to their Province and the

second is that the Local Government must notify the place as a proclaimed area. A little consideration will, however, show that there is really not much in either of these safeguards. The first is purely nominal. A place may be absolutely free from sedition of any kind and yet if it is thought that some other place in the same Province requires the application of the provisions of this Act, the Government of India have no option but to extend the Act to the whole Province. And thus for the sake of even one place, a whole Province will have this Act applied to it. Again, when the Act has thus been extended to a Province, any place therein may find itself suddenly proclaimed for the seditious activity, real or supposed, of only a few persons, though the vast bulk of the population may be perfectly law-abiding and free from the faintest suspicion of sedition. And once an area is proclaimed, the whole population will be indiscriminately made over to police rule. It is this fear which, apart from other objections, lies at the root of the great anxiety and alarm with which the Bill is regarded in all parts of the country. The Hon'ble Member says that when it is thought necessary to proclaim an area, 'it is reasonable that law-abiding persons residing within that area should be prepared to suffer some slight inconvenience for the public good.' I wonder what the Hon'ble Member's idea of a slight inconvenience is. Is it a slight thing to be exposed to the annoyance and unpleasantness of domiciliary visits? Or to have social parties of more than twenty persons raided upon or broken up, and the host and even guests hauled up for holding a 'public meeting' without notice? The presumption of clause 3 sub-clause (3) may be successfully rebutted in Court and the Magistrate may acquit. But think of the trouble and misery which may be most needlessly caused. My Lord, with the kind of police we have in the country—men, for the most part, without scruple and without remorse—these are not imaginary fears. We have just seen at Rawalpindi what they are capable of. Other instances can also be cited, where cases have been manufactured from start to finish. It is true that the intention of the Bill is not to interfere with social parties. It is also true that under section 4, notice

has to be given only of such public meetings as may be called for the discussion of particular subjects. But a Police-officer who is interested in getting any man into trouble can always pretend that a gathering of more than twenty persons was a public meeting, and it will not be difficult for him to arrange for a little evidence that the gathering was held for the discussion of a political subject. And under the plea that an offence was taking place, viz., that a public meeting was being held without notice, he may want to be admitted to the place of the gathering. If the host is a strong man and knows his legal rights well, he may resist the officer and decline to admit him. But he may then find himself hauled up before a Magistrate and must be prepared to face a trial. But for one strong man who will thus defy the Police, nine will tamely yield. Moreover, in those cases which may go before a Court, how the Magistrate will construe the definition of 'public meeting' must always remain a matter of uncertainty. A curious illustration of this is supplied by the Hon'ble Member himself. Last Friday, the Hon'ble Member told the Council that the object of adding sub-clause (3) to clause (4) was to exempt meetings like municipal meetings from the requirements of notice or permission. 'If the provision,' he observed, 'were construed rigidly, it might be necessary to give notice or obtain permission before holding Municipal meetings in a proclaimed area.' In the Hon'ble Member's view, therefore, a Municipal meeting is a public meeting. My Hon'ble friend, Dr. Ghose, on the other hand, tells me that Municipal meeting cannot be a public meeting under the definition given in the Bill. Now, the Hon'ble Member was Chief Judge of Burma before he became Home Member of the Government of India. And Dr. Ghose is one of the most learned and distinguished lawyers in the country. A difference of opinion between two such authorities in construing the definition of public meeting, even before the Bill has become law, augurs ill for the manner in which the definition may be dealt with by plain or inexperienced Magistrates!

My Lord, there are other objectionable features of the Bill, but I do not wish to tire the Council with any

further observations. The Bill is a dangerous one, and the only satisfactory way to improve it is to drop it. But more than the Bill itself is, to my mind, the policy that lies behind the Bill. I consider this policy to be in the highest degree unwise. It will fail in India as surely as it has failed everywhere else in the world. It will plant in the minds of the people harsh memories which even time may not soften. It will by no means facilitate the work of the administration, and it will in all probability enhance the very evil which it is intended to control.

When the Hon. Sir Harvey Adamson moved that the Bill amended be passed, the Hon. Mr. Gokhale said :—

My Lord, I have not intended saying more than just a word at this stage of the Bill and that only by way of an appeal to Your Excellency. But certain remarks have fallen from the Hon'ble Member in charge of the Bill with regard to the responsibility for this legislation which makes it necessary that I should say a few words in reply as it is impossible to allow those remarks to pass unchallenged. The Hon'ble Member says that the responsibility for this Bill really rests with those who are described as the Moderate section of the Reform Party in India. Now, I for one have never been in love with the terms Moderates and Extremists. There is at times a great deal of moderation among some of those who are called Extremists and, on the other hand, there is no small amount of what is the reverse of moderation among some who are called Moderates. However, I fear the terms as they are now in use will stick and for the purpose of my present observations I will take them as they have been used by the Honourable Member. My Lord, I think it most unfair to put the responsibility for such sedition as there may be in existence in this country on what is called the Moderate Party.

In the remarks which I made at an earlier stage of to-day's proceedings, I went at some length into the question as to how the present situation has come to be developed. I do not want to go over the same ground again, but there are one or two things which I would like to

mention and emphasize. My Lord, when the officials in the country talk of sedition, they do not always mean the same thing. Different officials have different ideas of sedition. There are those who think that unless an Indian speaks to them with 'bated breath and whispering humbleness' he is seditious. There are others who do not go so far but who still think that any one who comments adversely on any of their actions or criticises the administration in any way or engages in any political agitation is guilty of sedition. Lastly, there are those who take a larger view of the situation and recognise that the term sedition should be applied only to those attempts that are made to subvert the Government. Now, I have no wish to say anything on this occasion about the first two classes of men. I will take sedition in the sense in which it is used by the third class and I will say this, that if such sedition has come into existence it is comparatively of recent growth, a matter of the last three or four years only—and the responsibility for it rests mainly if not entirely on the Government or rather on the official class. My Lord, from 1885, *i.e.*, since the close of the beneficent Viceroyalty of Lord Ripon, the Congress has been endeavouring to secure much needed reform in the administration. The present form of the administration is about fifty years old. We have long out-grown that now and the fact is admitted even by officials. But while they admit, in a general sort of way, that changes are necessary, they have some objection or other to urge against every change that is proposed. The result is that there has been hardly any movement forward, in spite of our efforts all these years and the patience of the more impatient among my countrymen has at last given way. In the earlier years of the Congress there used to be some room for a hope that the desired changes in the administration would come. After Lord Ripon came Lord Dufferin who was not unfriendly to the Congress though he was somewhat suspicious and he gave us the Public Service Commission. After him came Lord Lansdowne. He too was, on the whole, friendly though he was overcautious and he gave us the first form of the Legislative Councils. Then came Lord Elgin and from his time the fortunes of the Reform

Party have been at a low ebb. Lord Elgin's term of office was darkened by plague, famine and frontier wars and towards its close came repressive legislation against the Press. Then came Lord Curzon. He was a consummate master of glowing speeches and during the first two years of his regime, high hopes were raised in the country. These hopes, however, were soon dashed to the ground on account of a series of reactionary measures which he forced on the people. This disappointment coupled with the sense of constant irritation which we felt during the last three years of his rule proved too much for a section of the Congress Party and they began to declare that their old faith in England's mission in this country was gone. Then came the Partition as the proverbial last straw. The people of Bengal did all they could and all they knew to avert that Partition. Hundreds of meetings were held all over the Province. Prayers and protests poured in upon the Government and the people used every means in their power to prevail upon Lord Curzon to abandon his idea. But he simply treated the whole agitation with contempt and carried his measure through. The men who are called "Moderates" pointed out again and again to the Government the unwisdom of its course. They warned them that the measure, if forced on the people in spite of all the furious opposition that was being offered to it, would put too great a strain on their loyalty and that some of them, at any rate, would not be able to stand that strain, and events happened as they had been foreseen. The Hon'ble Member complains that open disloyalty is now being preached in Bengal but no heed was given to the words of the "Moderates" while there was time. And now when the mischief has been done, the Hon'ble Member turns round and wants to throw the responsibility for what has happened on us!

As regards the question of the "Moderates" denouncing the Extremists, it is not such an easy matter. In the first place, I am not sure that there is such an absence of disapproval or remonstrance as the Hon'ble Member imagines. But, secondly, such denunciation is largely a

question of temperament. All people do not always denounce whatever they disapprove. I will answer the Hon'ble Member's question in the matter by a counter question. There are certain Anglo-Indian newspapers which constantly revile Indians. Has the Hon'ble Member ever denounced anything that has appeared in their columns? I am sure he and many others like him would disapprove what often appears in the columns of the *Civil and Military Gazette* or the *Englishman*, but have any Englishmen in any place ever met together and expressed their condemnation of these papers? I hope the Hon'ble Member will now see that the question of denouncing those whose conduct you disapprove is not such an easy one. Moreover, with us there is an additional reason. We do not want to make confusion worse confounded. There are already enough divisions, in all conscience, in the country and we do not want to have a fresh cause of contention if we can help it. But let me say this to the Hon. Member whether the "Moderates" remain silent or denounce the Extremists, it will make very little difference in the hold which the Extremists are acquiring on certain minds of India. There is only one way in which the wings of disaffection can be clipped, and that it is by the Government pursuing a policy of steady and courageous conciliation.

My Lord, before this motion is put to the vote, I would like to say just a few words. Now that the Government have armed themselves with these drastic powers of coercion, I would humbly say to Your Lordship—keep these powers in reserve; do not use them immediately as far as possible, and conciliate Bengal. My Lord, there is the root of the trouble: with Bengal unconciliated in the matter of Partition there will be no real peace, not only in Bengal but in any other provinces in India. The whole current of public life in the country is being poisoned by the bitterness engendered in Bengal over this question of Partition. My Lord, I am not a Bengali, and therefore I can say these things with the less reserve and without any fear of being misunderstood. The people of Bengal are the most emotional people in all

India, and they will far sooner forget a material injury than one to their feelings. Now in this matter of the Partition—whatever its advantages or disadvantages, I am not concerned with that just now—there is no doubt whatever that the deepest feelings are involved. They feel that they have been trampled upon—and while they feel like that, there can be no peace. Already great alienation has taken place between them and the Government, and every day the position is growing worse.

The refusal of the sufferers in the recent disturbances to appear before Mr. Weston to give evidence is a significant illustration of the change that is coming over Bengal. The Government propose to meet this change by a policy of repression. My Lord, knowing them—the people of Bengal—as I do, I venture to predict that they *will* not be thus put down by force. The Bengalees are in many respects a most remarkable people in all India. It is easy to speak of their faults. They lie on the surface, but they have great qualities which are sometimes lost sight of. In almost all the walks of life open to the Indians the Bengalees are among the most distinguished. Some of the greatest social and religious reformers of recent times have come from their ranks. Of orators, journalists, politicians, Bengal possesses some of the most brilliant. But I will not speak of them on the occasion because this class is more or less at discount in this place; but take science or law or literature. Where will you find another scientist in all India to place by the side of Dr. J. C. Bose or Dr. P. C. Ray or a jurist like Dr. Ghose or a poet like Rabindra Nath Tagore? My Lord, these men are not mere freaks of nature. They are the highest products of which the race is regularly capable; and a race of such capability cannot, I repeat, be put down by coercion. One serious defect of national character has often been alleged against them—want of physical courage; but they are already being twitted out of it. The young men of Bengal have taken this reproach so much to heart that if the stories in some Anglo-Indian papers are to be believed, so far from shrinking from physical collisions

they seem to be now actually boiling for them. My Lord, if the present estrangement between the Government and the people of Bengal is allowed to continue, ten years hence there will not be one man in a thousand in that province who has a kindly feeling for the Englishmen. The Government will have on their hand a tremendous problem, for there are thirty-three millions of Bengalees and the unwisdom and the danger of driving discontent underground amidst such a population will then be obvious.

My Lord, I appeal to Your Lordship to stanch this wound while there is yet time. I know the question is now complicated by the fact that the Mahomedan population of Bengal expect certain educational and other advantages to accrue to them from partition. No real well-wisher of India can desire that any of these advantages should be withdrawn from them, for the more the Mahomedan community progresses, the better for the whole country. But surely it cannot be beyond the resources of statesmanship to devise a scheme. While the expected advantages are fully secured to the Mahomedans, the people of Bengal may also have their great grievance removed. My Lord, considerations of prestige which have so far stood in the way of this work of conciliation may continue to obstruct it. I cannot understand how a Government, with the vast strength of a mighty Empire behind it, will suffer in prestige by such a line of action. But one thing is certain. Your Lordship has it in your power to set this matter right. And you will earn the blessing not only of Bengal but of all India if this source of continued bitterness and ill-feeling is removed from the land.

THE SEDITIOUS MEETINGS BILL, 1910.

[*On 6th August 1910, the Hon'ble Mr. Jenkins introduced in the Imperial Legislative Council the Bill to provide for the continuance of the Prevention of Seditious Meetings Act, 1907, and moved that the Bill be taken into consideration. Mr. Gokhale, in opposing the motion, spoke as follows* :—]

My Lord, this Bill may at first sight appear to some to be a comparatively modest measure, inasmuch as all that it ostensibly seeks to do is to prolong by just five months more the life of an Act which in the natural course of things would expire on 1st November next. And the very brief speech with which the Hon'ble Member has introduced his motion to-day is calculated to lend support to this view. Now, my Lord, if this had been really all that the Government had in view—even then, I should have deplored the action of Government, for, as I understand the situation, what the country taken as a whole needs to-day above every thing else is the opportunity for things quietly to settle down again to the normal; and, in providing this opportunity, responsibility rests as much on the Government as on the people. And in my humble judgment, a proposal at a time like the present to renew even for a few months a repressive measure of such exceptional severity as the Seditious Meetings Prevention Act, when the country is comparatively quiet and is getting quieter every day, is not likely to hasten that return to a normal frame of mind on the part of the people and that restoration of normal relations between the people and the Government which every true well-wisher of the country must so ardently desire. But, my Lord, I do not think that this Bill is merely a proposal to continue an expiring Act for a few months longer, and nothing more. I think there are grave reasons to fear that it is rather intended to be the prelude to another proposal to place the Act permanently on the Statute-book after the formality of a discussion in full Council at Calcutta next March. It

seems clear to me that if the Government had been anxious to govern the country without the aid of this Act—if even they had wanted to find out if they could so govern it—they would have welcomed the opportunity, instead of regretting it, of the Act lapsing next November, conscious of the fact that, if the necessity arose, they could re-enact the measure in a single day, and re-enact it probably with the support of a strong body of public opinion. The Statement of Objects and Reasons says that 'on the unanimous advice of Local Governments, the Government of India are convinced that the continuance of the Act for the present is essential to the preservation of the peace,' and therefore they are continuing it for five months. I am not surprised, my Lord, taking human nature as it is, that the Local Governments want to retain the powers which the Act confers upon them. That does not by any means show that the condition of the country is such that the Local Governments should have those powers. What is there, for instance, to-day in the condition of the Madras Presidency that should make the Government of Madras wish to have these powers? And yet we find Madras anxious along with the other Local Governments to retain these powers! It is therefore only ordinary human nature, and I do not think that we need attach any special importance to it. I wish, however, that the Council had had an opportunity of seeing those opinions of Local Governments. In the case of ordinary Bills, such opinions are as a rule supplied to Members. I asked for these papers two days ago under Rule 13 of the Rules for the conduct of legislative business; but the Government have not seen their way to comply with my request. But whatever be the grounds on which the Local Governments have based their advice, one thing is certain, that if they have asked for a continuance of the Act, they cannot have asked for its continuance for five months only; no one could, I think, calculate the requirements even of repression with such nicety! It is true that when the question comes up again for consideration, the personnel of the Government of India will have undergone a considerable change. But I do not think it is possible to find any comfort in that. In the first place, a Viceroy entirely new to the country

is far less likely to take a line of his own in dealing with what we have been told is the unanimous opinion of Provincial Governments than one who has been five years in the country; and secondly, we have already before us the fact that, though not one of Your Lordship's colleagues of 1907 in the Governnmet of India is to-day a member of the Government—a fact which significantly illustrates the rapidity and completeness with which the personnel of the Government changes in the country under the existing system—that has not made any difference as regards the present decision to continue the Act after October next. I take it therfore that during the next Calcutta session the Government will come forward again with a proposal either to further extend the period of the Act or, what is even more probable, to place the Act permanently on the Statute-book. Now, my Lord, we all know that when once the Government have made up their mind to adopt a particular course, nothing that the non-official Members may afterwards say in Council is particularly of any avail in bringing about a change in that course. Our only hope of preventing a decision which we consider to be fraught with serious injury to the best interests of the country is in any opportunity we may get to state our objections before the decision has been arrived at. And it is because the Bill before us gives us such an opportunity, as also because I am against the proposed continuance of the Act even for five months, that I deem it my duty to offer what resistance I can to the motion which the Hon'ble Member has just submitted to the Council.

My Lord, three years ago, when this Act was hurried through the Council at this hill station, only three non-official Members were able to attend the meeting. But among those there was my distinguished friend, the profoundly learned and ever brilliant Dr. Rash Behari Ghose. To the criticism which he then offered on the various provisions of the measure, I think it is unnecessary to add anything even to-day. The Act admittedly confers dangerously wide powers on the Executive, which, if used at all, are almost certain to be abused, and which must in practice paralyse all activity in the country. Meanwhile, the

Government already possess in the ordinary law of the land ample powers to meet all reasonable requirements, not only for punishing but also for preventing what has been called seditious or dangerous oratory. Under the Criminal Procedure Code the Government can break up, and even prohibit, meetings likely to prove dangerous to the tranquillity of the country, and they can bind down individuals. And the provisions for punishing seditious utterances do not certainly err on the side of leniency. I really do not see what more is wanted if the Government are to show a reasonable regard for the elementary rights of the people. Unless the idea is that nowhere in the country shall there be any deliberation or discussion or expression of opinion except on lines approved by the Government, and that too with their previous permission, I do not understand the necessity of arming the Executive with the vast powers which the Act confers. That these powers can be and as a matter of fact have been used, or rather abused, for such a purpose may be seen from the fact that this year three ordinary district conferences in East Bengal were prohibited by the District Magistrates. My Lord, I listened carefully to the answer which the Hon'ble Mr. Earle gave yesterday to a question of my friend the Hon'ble Babu Bhupendra Nath Basu on this subject. In spite of that answer, I feel bound to say that, in my opinion, the action of the authorities was not justified; and I hold that the prohibition of the conferences was a serious abuse of the powers which the Act confers upon the Executive. Such conferences have been held for years past, not only in Bengal but all over the country. They are strictly on constitutional lines, and so far they have nowhere given rise to any trouble whatever. The Hon'ble Mr. Earle in his reply said that the prohibited conferences proposed to deal with subjects which did not concern the districts only. Now I would like to know what right or authority the Hon'ble Member had to lay down a proposition like that. A district is part of a Province; it is also a part of the whole country; surely the people of a district, if the Government are willing to allow them even small amount of patriotism or public spirit, are entitled to take an interest in the affairs of their Province and their

country; and I say it is absurd to insist that a district conference should confine itself only to matters that concern that district. But, my Lord, it was not only these district conferences that were thus interfered with. In one of the districts a meeting proposed to be held by members of the depressed classes for the discussion of a social grievance was also disallowed. I understand that these classes in Eastern Bengal have some difficulty in obtaining the services of barbers, and these people wanted to hold a meeting and consider what arrangements they could make for getting themselves shaved. Surely that was not a subject in regard to which the powers conferred by the Act should have been exercised by the district authorities! And yet this was actually done under this Act. I understand that this prohibition was afterwards withdrawn. But that it should ever have been exercised shows the liability to grave abuse of these powers. In some places, the District Magistrate went the length of claiming the power to determine the actual wording of the resolutions proposed to be passed at public meetings! Such a claim reduces a public meeting to a mockery and a farce, for the resolutions then express the views not of the people assembled in the meetings but of the district authorities! My Lord, I am quite prepared to admit that circumstances may arise when even such drastic powers as the Act confers may be necessary in order to stem the flood of wild, irresponsible oratory dangerous to public peace. But I do not think that such circumstances exist at the present moment anywhere in India.

My Lord, I can conceive of circumstances in which it may be necessary to put even such powers into the hands of the Executive as the only way of checking the flood of wild and dangerous utterances that may be threatening the peace or tranquillity of the country. But I do not think such circumstances exist in any province at the present moment. And, in any case, it is to my mind intolerable that the whole country should be indiscriminately placed under such Draconian legislation. And this brings me to a suggestion which I made in the Council three years ago, when the Seditious Meetings Act was under discussion, and which I wish to repeat

to-day, namely, that if at any time such legislation is found to be necessary in any Province it should be undertaken by the Provincial Government in the Council of that Province, and not by the Government of India for the whole country. At present what happens is this. The alleged needs of the Province whose condition is the worst furnish the standard and determine the character of the legislation with which not only that Province but the rest of the country is to be saddled. Now, this is gravely objectionable, and to my mind it constitutes a most serious grievance. A simple remedy lies ready to hand, namely, to require each Provincial Council to undertake in such matters its own special legislation according to its needs. This will have the additional advantage of ensuring a full discussion of the condition of the Province before the legislation is passed. I claim on this subject the support of the Hon'ble Member whom we in Bombay have known to be a strong advocate of Provincial decentralization. It may be said, as Sir Harvey Adamson did three years ago, that, though such legislation may be passed for the whole country, it may not be extended to a Province without a careful consideration of all its circumstances by the Government of India. How illusory this safeguard is was seen last January, when we woke up one morning to find that the Seditious Meetings Act had been extended indiscriminately to every Province by a single stroke of the pen. My Lord, I assure the Council that there is a very real fear in the minds of even the most thoroughly law-abiding citizens that this Act, when put in force, places them in a position of serious danger, and they further feel that they may be exposed to the danger any moment without their having done anything to deserve it. A few utterances on the part of thoughtless young men or even a single utterance of that character may suffice for a whole district being suddenly proclaimed, and once it is so proclaimed every inhabitant of that district is at once put under what may be termed 'police rule.' No twenty persons can then meet even for the most innocent social purpose without being presumed to have gathered in a public meeting held without the permission of the authorities, and anyone may at any moment find himself accused

of having taken part in such a meeting and wrongly punished or otherwise harassed in a variety of ways. And with the kind of the police we have in this country the fear of wanton or malicious harassment is not wholly imaginary. My Lord, I am aware that the question of the character of the Indian police has now assumed a form when it is difficult to discuss it without rousing a certain amount of feeling. There is no doubt, however, that as a class the police are not trusted by the bulk of my countrymen, and that innocent people often go about in dread of what they may do, and the position has grown worse since the formation of what is known as the Criminal Investigation Department. This is largely the result of two causes—first, the quality of the material from which our police force is drawn; and secondly, the lack of a spirit of self-assertion among the people generally. The Government no doubt have of late done a good deal to secure a better type of recruits for the force, but the improvement in this respect can only be gradual. Moreover, as long as the people themselves do not know how to take better care of themselves as against the police, things are bound to continue pretty much the same as they are at present. What is absolutely necessary, however, is that the Government should not put additional powers into the hands of the police until a substantial improvement has taken place in their character and traditions. My Lord, it has been well said that more depends upon the manner in which a law is administered than upon the law itself. This is true of every law generally, but it applies, I think, in a special degree to repressive measures, and I feel bound to say that our experience in this direction has not been particularly encouraging. Take, for instance, the Press Act of last February. If ever there was a measure which should have been administered with the utmost care and tact and restraint, it was the Press Act passed last session at Calcutta. This was necessary to avoid all needless irritation. It was also due to those non-official Members of this Council who, in their desire not to add to the difficulties and anxieties with which the Government were then confronted, tried to go as far as they could in support of the measure. I grieve to say,

however, that in most Provinces these obvious considerations have not been kept in view in working the Act. I will not now refer to those cases in which security was demanded from old concerns when they presented themselves for a mere formal change in their registration, in spite of distinct pledges to the contrary given both in the Statement of Objects and Reasons and in the speeches of Members of Government in this Council. It was no doubt the result of what must be regarded as defective drafting, and I am glad to note that it has now been set right to a great extent by executive action on the part of Government. But there have been cases in which heavy securities have been demanded from old concerns without specifying what their offence was, and for some time past a regular sedition-hunt has been going on in some of the Provinces. Hardly a day now passes without some obscure sheet or pamphlet or old book being dragged forth from oblivion, and notified first by one Provincial Government and then by another as forfeit to the authorities. Now much of this is, to my mind, altogether futile, and it only tends to keep the Press Act in unnecessary and unpleasant prominence before the country. I think the exceptional powers conferred by the Press Act should be very sparingly drawn upon, and then, too, to meet only serious cases of objectionable and dangerous writing. I do not deny that the Act has exercised a restraining influence in some quarters where such influence was most necessary. But as against this we must place the irritation that is being continuously caused in the country owing to the feeling that the Act is being harshly or unjustly applied. The worst case in which the powers of the Act have been clearly misapplied is, to my mind, that of Mr. Mackarness's pamphlet. Mr. Mackarness had sent me a copy when the pamphlet was issued, and I had also seen the articles as they had at first appeared in the *Nation*. I can understand the objection that Mr. Mackarness had made a one-sided presentment of the case, or that he had not done justice to the efforts which the Government have recently been making in the matter of police reform, but that only means that someone else should have published a pamphlet in reply. Had anybody told me before the pamphlet

was proscribed that the Government contemplated applying the provisions of the Press Act to it, I should have declined to believe the statement. And now that the pamphlet has actually been proscribed, I can only regard the action taken with deep humiliation and pain.

My Lord, it will, I am convinced, be a grave blunder to place the Seditious Meetings Act permanently on the Statute-book or to propose a further lease of life to it after March next, and I earnestly implore the Government to abandon the idea if they have it. In 1907, when the Act was first passed, there was this to be said in its favour, that the situation in the country was daily growing more and more anxious and no one knew where things stood or whither they were drifting. We were then moving on the upward grade of our troubles and the outlook was dark and threatening. To-day, however, the situation is far different. The air has been largely cleared, there is a much easier feeling throughout the country, and there is no doubt that the country is now on the downward grade of its anxieties. The change has principally resulted from two causes—first, the Reform Scheme in its final form, which despite obvious imperfections constitutes an important step forward for my countrymen, has eased in no small measure the tension of the situation; and secondly, the criminal excesses of thoughtless young men have shocked the bulk of the people into a greater realization of their own duty to the cause of law and order. I think, my Lord, it is now daily becoming more and more clear that the wild elements which by their reckless careering have been a source of so much anxiety, have now well-nigh exhausted themselves, and the return of the country to a normal state of things is therefore now only a question of time; and nothing, I respectfully urge, should be done by the Government which will in any way retard this return. Not the heavy hand of coercion, but the gentle touch of conciliation and sympathy, of forbearance and oblivion—this is what the situation requires; and I earnestly trust these healing influences will be forthcoming in ample measure to obliterate bitter memories and start the country again on a career of prosperity and progress.

THE SEDITIOUS MEETINGS BILL, 1911.

[*On 20th March, 1911, the Hon'ble Mr. Jenkins moved in the Imperial Legislative Council that the Report of the Select Committee on the Bill to amend the Prevention of Seditious Meetings Act be taken into consideration. Mr. Gokhale, in opposing the motion, spoke as follows* :—]

My Lord, it is with considerable reluctance and regret that I rise to take part in to-day's discussion. I had hoped, like so many of my friends, that the occasion for this discussion would not arise, that in view of the great improvement, which has taken place in the general situation of the country, and to which the Hon'ble Mr. Jenkins bore testimony the other day, the Government would not consider it necessary to prolong this legislation, and that in any case they would not seek to place the measure permanently on the Statute-book. As, however, the Government have come to the conclusion that they must continue to have this weapon in their armoury, and have it permanently, those who are unable to acquiesce in this view have no choice but to express their dissent, and that is why I must trouble the Council with a few observations.

My Lord, I do not propose to approach this question from the standpoint of abstract principles. Far be it from me to under-rate the importance of abstract principles. Abstract principles are usually derived from the accumulated wisdom and experience of ages, and in stimulating generous sentiment, in sustaining high ideals, and in lighting the path of life over dark and difficult ground, they are of inestimable value. But no thinker has ever urged that mere abstract principles should guide us, without reference to the circumstances amidst which they have to be applied. Thus the abstract principle of freedom of speech must be taken in relation to the circumstances amidst which that freedom is claimed; and

I am quite willing to concede that the theoretical objection to any proposed legislation that it restricts the right of free speech must be further supported by an examination of its practical consequences before it can be regarded as conclusive. But, my Lord, just as the right of free speech is an abstract right, so also the proposition that all loyal citizens must rally round the executive in maintaining law and order is an abstract proposition, and its value as a guide for practical conduct must depend upon the circumstances amidst which it is sought to be applied. I think, my Lord, when loyal citizens are called upon to rally to the support of the Government in any measures it considers necessary to maintain law and order, two questions have to be considered. First, what is the danger against which the Government wants to take measures, and secondly, what is the character of the measures which the Government wants to take? And this again leads us to another enquiry. Is the need of the Government urgent and immediate, or is the Government anxious only to take precautionary measures? If the need of the Government is urgent and immediate, then of course all ordinary considerations must be put aside, and every loyal citizen must range himself on the side of the Government in sanctioning and enforcing the measures that are thought to be indispensable. In a state of actual disturbance, in a state of dangerous activity on the part of elements hostile to the very existence of the Government, I can understand the Government calling on all loyal citizens to rally round it in this manner. But where the measures contemplated are more precautionary than required to meet an urgent and immediate situation, where the measures contemplated are more against possible developments in the future than any present need, there, I venture to think, that a different set of considerations apply. Now, my Lord, it is freely admitted that the present situation of the country is not of a character to demand such legislation for immediate use. We have been told that very probably this law—when the Bill becomes law—will not be put into force at all in the near future. Therefore, it cannot be claimed that the need of the Government is urgent and immediate, and we are

entitled to take it that the measure is intended to serve the purpose of a precautionary measure. Let us, therefore, examine the measure as a precautionary measure. And here there are two standpoints from which it may be viewed: one, the standpoint of the Government, and the other that of the representatives of the public who are called upon to assist the Government in such legislation. The Government naturally, in passing a precautionary measure, has, first of all, to consider how it can be made effective. A measure like this is not worth having unless it is reasonably effective. The representatives of the public on the other hand have first of all got to consider, since there is no immediate danger to be met, what harm is likely to result if the powers conferred by the measure are abused, and how to prevent such possible abuses. No one can deny that abuses are possible, even in regard to most carefully framed measures. Now, my Lord, so far as the effectiveness of this measure is concerned, I will freely admit, what has indeed been already admitted by so many of my Hon'ble friends, that, from the standpoint of the Government, it could not have introduced a milder measure than this. The more objectionable features of the Act of 1907 have been removed, and if, when the need arises, this law is applied with reasonable care and caution, it is not likely to produce any serious hardship. I am free to admit that at once, and I do not think there is any difference of opinion on that point. But while the Government may claim to have removed from the old law its harsher features, we here, who represent the public, that will have to come under this law, have also got to consider what will happen if the powers which this law confers are abused; and from that standpoint, my Lord, I submit, that, though a great deal of cargo has been thrown out of the vessel, still, enough remains to fill our minds with apprehension. Let us, my Lord, take the case of an area which comes to be proclaimed under this law. It is quite true that the Government of India will have first to extend the notification to the province; it is quite true that the Local Government will have next to proclaim the area, and that, too, now, after first obtaining the sanction of the Governor-

General in Council; but after all, in the last analysis, it is the opinion of local officers that will generally prevail in these matters. If the local officers strongly hold that a particular area is developing a dangerous activity—whether it is actually doing so or not is a different question—if the local officers think so, the Local Government, in ninety-nine cases out of a hundred, will endorse that view; and when the Local Government urges this view upon the Government of India, I think it is very improbable that the Government of India will refuse to extend this law to that particular province and that particular area. Therefore, my Lord, in the last resort, it is the opinion of local officers that will really prevail; and when once an area has been placed under this law, the Local Government and the Government of India will, so to say, be out of it, and it is the district authorities that will then apply the law and stand face to face with the people.

Now, my Lord, I do not wish to make any general or sweeping observations about district officers. The district authorities of this country try to do their duty as conscientiously as any body of human beings, similarly circumstanced, can do; and they have their exceptional and their average men. There are in their ranks some who are exceptionally high minded and conscientious; a large number who merely take a routine view of things, and do what they consider to be their duty without considering how it will affect the people; and some who are intolerant of all criticism and who certainly will not hesitate to use the powers which a law like this will confer on them, in order to put down all political agitation, whatever its necessity or character. And I distinctly fear that in an area proclaimed under this law, there is no small likelihood of these exceptional powers being abused. It must be borne in mind that district authorities, in their turn, are dependent for their information upon the police and it is well known that the police of the country as a class are feared and not trusted. Therefore there is a serious danger that the powers under this Act may be abused; and since there is this liability to abuse, it becomes necessary for the representatives of the people

in this Council to consider what should be their attitude towards a measure of this kind. My Lord, I have considered this question long and anxiously, not only in connection with this particular measure, but also on other occasions, which have arisen in the past, as to what should be our attitude towards the repressive measures which the Government comes to consider as necessary. The position, briefly, is this. The Government of India considers certain legislation to be necessary in order that certain evils, actual or anticipated, should be coped with properly. The Government's intentions, of course, are beyond question. The Government only wants the remedy to be applied to the evils and does not want any excessive zeal on the part of any of their officers. If the non-official Members of this Council take only the intentions of Government into consideration and raise no objection to the proposed legislation, they become responsible for that legislation along with the Government. As soon, however, as the legislation is passed, the matter gets out of the hands of the Government of India; and wherever the legislation happens to be enforced, every officer who administers the law comes to be armed not only with the spirit of the law but also with the letter of the law. And, then, when abuses occur, non-official Members, who have been assenting parties to the legislation, find themselves placed in a very awkward position. I will illustrate my meaning by what occurred last year in connection with the Press Bill. Last year, when the Government of India introduced a drastic Press law, it was a time of considerable anxiety for the Government. And if ever the Government was entitled to the co-operation of the people in repressive measures, it was at that time. A generous measure of Council reform had been conceded, and when the new Council was about to meet, a diabolical murder had taken place here in the very precincts of the High Court. The time was such that every generous sentiment urged one not to judge the proposals of Government in any very critical spirit. When the Government brought forward its measure, ample material was laid before the Select Committee, which satisfied many of us that in several parts of the country, a section of the Press habitually went beyond

all reasonable bounds and needed to be controlled; and that if the Government were to rely merely on ordinary prosecutions, the evil was most difficult to deal with. When, therefore, it was proposed that some executive action within certain limits should be tried to cope with the situation, several Members of this Council came to the conclusion that we should not stand in the way. And when the Bill came up before the Council we did not oppose it, and practically gave a sort of reluctant assent to the measure. If ever, therefore, there was a measure, which should have been enforced with care and caution, it was that Press Bill. Apart from the fact that a harsh enforcement of the measure was liable to turn the feeling of the people against Government, this special caution was due to those non-official Members who at a difficult time had come forward to range themselves on the side of Government. There was never any doubt about the intentions of the Government of India. We were assured, both in private conversations and in the speeches of Members of the Government in this Council, that the law would be applied only to extreme cases, that the past would be wiped off the slate, and that the measure would be enforced only in the case of new and serious offences. And in waiving our opposition to the measure, we permitted ourselves to believe that the remedy would be tried in that spirit. As soon, however, as the Bill was passed, Magistrates in all parts of the country started enforcing the provisions in the harshest manner, and the worst cases occurred, I am sorry to say, in my own province, Bombay. For the most paltry reasons, security came to be demanded, with the result that even thoughtful men, who deplored the excesses of the Press, turned violently against those who had stood by the Government in the matter. I know the Members of the Government were themselves distressed to see this abuse of the Press Act. Sir Herbert Risley, who had introduced the measure, had gone, but Sir Harold Stuart, the Home Secretary, was here. I had a talk with him on the matter, and I know he was deeply grieved that this harassing over-zeal was being displayed by Magistrates, who were enforcing the letter and not the spirit of the law. The difficulty, my Lord, in such matters is that it

is impossible to communicate properly on paper the intentions of the Government of India even to the Local Governments, and further, if even it is found possible to do so, these intentions do not travel beyond the Local Governments; and hundreds of Magistrates all over the country, who come to be armed with the powers conferred by the law, do not think of the intentions or do not know anything about them. When I went back to Bombay last March, after the session of this Council was over, I found that the position of some of us had become, owing to the abuses of the Press law, almost intolerable; and this not merely in the eyes of those who were in the habit of talking widely, but even of those who wanted us to give a reasonable sort of support to the Government; so much so that I thought it necessary to ask for an interview with His Excellency the Governor of Bombay and lay the whole matter personally before him. Sir George Clarke entered into our feelings at once, and with that readiness which has always characterised him to look into grievances brought personally to his notice, he promised to set the matter right at once; and then the orders were issued, which stopped the whole scandal.

My Lord, the fear of such experience always weighs us down. We are quite willing to accept the statement of the intentions of the Government of India, as made known here. And we know that the Government of India has no other object in view than to put down the evils complained of. We know also that Local Governments will try to carry out those intentions to the best of their ability and as far as they understand them. But it is not the Government of India nor the Local Governments that ultimately exercise the powers; it is Local officers, scattered all over the country; and these officers, according to individual idiosyncracies, will interpret the law and enforce it. The whole question, therefore, is not so much a question of legislation as of executive administration. It has often been said—it is really a mere truism—that more depends upon the manner in which a law is administered than upon the law itself. And in the executive administration of the country we have absolutely no voice. If, in

enforcing this law, non-official men were first consulted by district authorities, if their advice was sought beforehand, then there would be some safeguard against an abuse of these powers. If, for instance, district officers were to have round them district councils, as has often been suggested, and they were to put the powers of such law into force with the advice of the district councils, there would be some guarantee that no improper exercise or abuse of those powers, whether due to ignorance or excess of zeal, would occur. But as long as we have no opportunity of making our wishes known in the executive administration of the country, so long it becomes an exceedingly difficult matter for us to accept the responsibility which associating ourselves with the Government in such measures brings to us.

My Lord, after a great deal of consideration, I have come to the conclusion that while things are as they are to-day, our co-operation with the Government cannot ordinarily go beyond two classes of measures—constructive measures taken for the moral and material well-being of the people, and measures urgently and immediately necessary to deal with actual or threatened disturbances. I will illustrate my meaning by an analogy drawn from the question of military expenditure. If war or invasion were threatened, I think, whatever our views about military expenditure may be, we all should be willing to come forward and support the Government in any measures—even extra taxation—which the Government might consider necessary to cope effectively with the danger; but that is in an abnormal and extraordinary state of things. In normal conditions we should jealously scrutinise our military expenditure and urge the Government to keep it within reasonable limits. In the same manner, where an abnormal situation as regards the maintenance of law and order in the country arises, we should brush aside all ordinary considerations and come to the support of Government in any measures that are really necessary for putting down or preventing disorder. After all, we do not want any sedition in this country any more than the Government does. Our hopes for the future are bound

up with the peaceful maintenance of British rule; and in all measures, reasonably necessary for the maintenance of that rule, and reasonably applied, the Government is entitled to our co-operation and support. But there is the difficulty which I have spoken of, where measures are taken as mere precautionary measures, not required by any immediate necessities, but simply to guard against possible developments in the future. And I have come to the conclusion that, in view of the possibility of abuse, we must leave the responsibility for such measures to the Government. I admit that, as the responsibility for peace and order is primarily with the Government, the judgment of the Government must prevail in the end in such matters; but as the Government has the power to enforce that judgment, whether in this Council or outside we should not be expected ordinarily to assent to the exercise of that power, and no occasion for complaint arises if we prefer to stand aside.

I will now say a few words on the Bill before us, and then resume my seat. I do not wish to go into the details of this measure. That has been done by many of my Hon'ble friends and I do not think anything has been left to be said on the subject. It is admitted freely that the Government has removed from the old Act its more objectionable features, and that, if an Act must be passed, the Government could not have made it milder. But I must urge again, what I urged at Simla in 1907 and what I also urged last year, that legislation in such matters should be passed in Provincial Councils and not in the Imperial Council. My Lord, I think it is unfair to everybody—unfair to the Government of India, unfair to the Members of this Council, unfair to the whole country—that such legislation should be passed here. The only justification for such measures is the prevalence of an exceptional state of things, and unless such a state of things is general throughout the country, a province which wants to be armed with exceptional powers should seek to pass the necessary legislation in its own Council. As most provinces possess their own Legislative Councils, there is no reason why the Government of India should ask this

Council to accept a responsibility which should be borne by Local Councils. When the Government of India passes such legislation for the whole country, it gives rise to a feeling of general irritation, and the irritation is greatest in those provinces which need the special legislation the least. A province that is disturbed recognizes more or less the need for some measure of the kind; but the provinces that are in a normal condition feel that they have been badly treated. Moreover, it is impossible here, whether in Select Committee or in Council, to consider all the circumstances of the different provinces, whereas, if a province which needed these extraordinary powers were called upon to legislate for itself, the circumstances of that province would be discussed with full knowledge by Members, both official and non-official, before a final judgment is arrived at. It has been stated that all the Local Governments are in favour of placing this legislation permanently on the Statute-book. I do not think, however, that that goes far. No Local Government, or for the matter of that no authority, would like to relinquish the powers which it already enjoys. A clear illustration of this is furnished by what has happened in the Rhotak district in the Punjab. When the proclamation of Rhotak was about to expire, the Deputy Commissioner of Rhotak and the Commissioner of the Division strongly urged its renewal. The Lieutenant-Governor would not agree to that—at the same time he is unwilling to let this Act expire. Thus each authority wants to keep the powers which it possesses, and it is not strange that all Local Governments have expressed themselves in favour of the permanent retention of the Act.

My Lord, if the Government had proposed to limit the duration of this measure to three, four or even five years, that would have considerably altered its character. It would then have meant that the Government wanted a temporary remedy for a state of things which it did not consider quite normal. If this had been done, it would have been easier for us not to stand in the way of this Bill passing into law. My Lord, if this measure were passed for five years, what would happen? I am quite

sure that in five years things will so settle down that there will be no need for this measure. When this Act was first passed in 1907, Dr. Ghose and I pointed out that by itself it would not only prove no remedy for the state of things, but that it would drive discontent into more violent channels, and that what the situation needed was, above all, a large and generous measure of reform. And what we had prophesied actually came true; for in April 1908 the first outbreak of violence took place in the country. In November 1908 came the gracious message from the late King, the Proclamation of 1908, and it was followed soon after by the scheme of reform, which was announced by Lord Morley in his memorable speech of December 1908 in the House of Lords. The improvement in the situation of the country has been rapid since then, and further that improvement has been continuous; and, in spite of the two detestable outrages that have recently occurred, we all feel that, taking the country as a whole, the situation every day is improving and that it will not be long before the whole thing passes away like a hideous nightmare. That being our view of the situation, we feel, my Lord, that a temporary measure would have suited the requirements of the situation much better than a permanent measure of this kind. If, on the other hand, our estimate of the situation is found to be wrong at the end of four or five years, the Government has the power to renew the measure for a further period or indefinitely. There may be some little agitation to be faced, but that is a small consideration compared with the fact that, in placing this measure permanently on the Statute-book just now, the Government is going against a large volume of public opinion. My Lord, let not the Government be influenced too much by the latest outrages. They are like the dying embers of a fire that is going out. A number of young men came under unfortunate influences under circumstances over which I will not dwell, but the responsibility for which must be shared equally between the Government and the people. There is much truth in the adage that it takes two to make a quarrel. I am not however going into that; I only want to say that for three or four years a wave of wild teaching passed over the land, and

under the influence of that teaching a number of youths completely lost their heads and committed themselves to courses of conduct from which retreat was not easy. I think it is some of these men who are still responsible for these outrages. There may be a few more outrages in the near future—no one can say—but no new additions to the ranks of these men are taking place; the supplies have been cut off; and I feel quite sure that the situation will now grow better and better every day until at last only the memory of these times is left. I therefore urge, my Lord, that the Government should reconsider this matter even at this late stage, and limit the duration of the Bill to a period of three, or even five years. If this is done, some of us, who are unable to assent to a permanent measure may find ourselves in a position to reconsider the line which we have decided to adopt.

[*On the Hon'ble Mr. Jenkins moving that the Bill, as amended, be passed, Mr. Gokhale said* :—]

My Lord, before this motion is put to the vote I would like to make a few observations that have been rendered necessary by certain remarks which have fallen from my Hon'ble friend Mr. Ali Imam in the course of the somewhat exuberant support that he gave to this Bill. My Hon'ble friend marched through his speech, brandishing his sword high over his head, and dealing blows right and left at all and sundry, without considering whether they were really needed. However, I do not wish to refer to these attacks. But I feel I must remove some misapprehensions which are likely to be caused by what the Hon'ble Member has said with reference to my position last year over the Press Bill and my position to-day over the Seditious Meetings Bill. Before doing that, however, I hope my Hon'ble friend will let me remind him gently—and in this my Hon'ble friend Mr. Mudholkar has already anticipated me—that the word 'Opposition' is really not applicable to non-official Members sitting in this Council. I know that my Hon'ble friend meant to be complimentary when he spoke of me as the 'leader of the opposition,' but we are far away yet from the time when the Government Members

will exchange places with private Members in this Council, and until that time comes there can be no regular Opposition here, as the term is understood in Western countries. As a matter of fact, we support the Government here more often than we oppose it; and if, on any occasion, we have to differ, it is simply owing to our conscientious conviction that the view of the Government is not correct. I hope, therefore, that this description will not again be applied to us in future. My Lord, it was unfortunate that the Hon'ble Member had made up his mind as to what he was going to say before he had heard my speech; and therefore though I explained—I hope clearly—the difference between my attitude towards the Press Bill of last year and my position this year as regards the Seditious Meetings Bill, the Hon'ble Member did not take note of that explanation. My Lord, the Hon'ble Member was not fair to me when he said that last year I supported the Press Bill, though it was a permanent measure. In my minute of dissent appended to the Select Committee's Report, in the speech which I made when the Report of the Select Committee came up for consideration in this Council, and finally when amendments were moved—at all stages I most strongly urged that the Bill should be limited to three years only. I may further state that, even as regards the Press Bill, I never said that I *supported* the Bill. All I said was that I did not feel justified in opposing the Bill. These were the precise words I used:—"That in view of the situation that exists in several parts of the country, I have reluctantly come to the conclusion that I should not be justified in opposing the principle of this Bill." I pointed out throughout the risks of that law, and I urged again and again that it was of the utmost importance that it should be temporary. Finally, when the time for moving amendments came, I moved an amendment that the law should be limited to three years: and I may mention that up to the last moment—and I think this is within the knowledge of many Hon'ble Members who were then present—there was some uncertainty as to whether the Government would or would not accept the proposal; and as a matter of fact, before my amendment was put to the vote and lost, the Hon'ble

Sir Herbert Risley, who was in charge of the Bill, went up to the Viceroy, and asked him before us all if he was to accept the amendment; thus up to the last moment there was a chance of our proposal being accepted, and we were influenced in our attitude largely by that hope. However, that, my Lord, is a small matter. The real difference between that Press Bill and this Seditious Meetings Bill, which the Hon'ble Member does not seem to realize, is this—under the Press Bill, only the man who actually writes takes the consequences. If a writer exercises reasonable care, keeps himself within certain limits, and writes with due restraint, there would probably be no trouble in his case. But under the Seditious Meetings Bill, while one or two men may make wild speeches in an area, once the area is proclaimed, all the people in that area are placed indiscriminately under the ban. And, in fact, the less objectionable a man's opinions are, the more he is sure to feel the hardship of this law. Take the place from which I come--Poona. Suppose there are some wild speeches made there, as may happen on any day, and Poona is proclaimed under this law; what happens? The men who will have brought down this on Poona will probably keep quite, but all the rest of us, who are pursuing our ordinary activities, shall find ourselves placed under this new law, having to give notice of every meeting that we hold, having to obtain permission beforehand in certain cases, and being liable on occasions to be charged with holding meetings surreptitiously. My Lord, the Hon'ble Member is now a Member of the Government, but he comes from the mufassal and has had personal experience of the mufassal in the past, and he should know that in the mufassal fear of what the police may do is very real. I come from Poona, a mufassal place in the Bombay Presidency, and I can assure the Council that we have very real fear that the police might cause trouble without cause. I have got that fear myself and everybody whom I know has got that fear, and I think it is only fair that the Government should know that this fear is entertained. My Lord, the Hon'ble Member says that this law keeps the police out. When I asked him on whose information the District Magistrate would act, he interpreted my

suggestion as if it was a wholesale denunciation of the Civil Service! Nothing, however, was further from my mind. He himself must feel that it was not a fair interpretation to put upon my words, because I had taken care in my speech not to give room for such an interpretation. I had said that the district authorities were, like similar bodies of men, composed of persons, many of them average, some exceptional; and therefore my query could not be construed as a denunciation of the whole Civil Service. My Lord, the police are not out of this Bill. The District Magistrate will act—indeed must act—on the confidential reports that he receives from the Criminal Investigation Department and other Police officers. You may say that he will examine these reports carefully and try to arrive at an impartial judgment. He may do so, but mistakes will take place as they have taken place in the past. You cannot avoid making mistake in such positions. Last year, when certain District Conferences were stopped in Eastern Bengal, when even a meeting of the depressed class was prohibited, what was the justification? In my humble opinion, these prohibitions were undoubted abuses of the powers under this Act. I do not know what view the Hon'ble Member holds about those orders, but these things are likely to happen again in proclaimed areas. My Lord, my Hon'ble friend quoted from a description which I gave last year of the state of the country, when I said that I did not want to stand in the way of the Government trying the remedy of executive action in regard to the writings in a section of the Press. But, my Lord, the Hon'ble Member ignores the difference between the Press and the Platform. In the Press, a man can do mischief from day to day without being noticed. Who is going to notice ordinary writings, unless there is something sensational to attract attention? But you cannot hold seditious meetings without attracting the attention of all. The Press and the Platform, therefore, as instruments of sedition, do not stand on the same level. Apart from that, however, the position last year was undoubtedly different from what it is to-day. I have already stated in my observations on this Bill that after the introduction of reforms in December 1908, a rapid improvement began:

those who have had experience of the time before and after, will, I feel sure, corroborate what I say. The Press Bill, however, came up within less than two months after the introduction of the reform, and much time had not elapsed for things to settle down. And when I spoke of the state of certain parts of the country at that time, I did feel that the air was charged in many places with anti-English ideas, and I did say that it was necessary in our own interests that it should be cleared of those ideas. And that was why I did not want to stand in the way of the Press Bill being tried. But, my Lord, the situation has vastly improved since then, and were it not for the two recent, miserable outrages, I am quite sure there would have been but one opinion even in this Council, that there was no comparison between the state of things a year ago and to-day. These outrages, however, should not be allowed unduly to influence the mind of the Government. In any case that is my view, and I respectfully submit it to the consideration of the Council.

THE PRESS BILL.

[*On 8th February 1910, the Press Bill which has been introduced by the Hon'ble Sir Herbert Risley, Acting Home Member, at a previous sitting of the Imperial Legislative Council, and referred to a Select Committee, was taken up for consideration by the Council, H. E. Lord Minto being in the chair. Mr. Gokhale made the following speech on the occasion*:—]

My Lord, it is a cruel irony of fate that the first important measure that comes before the Reformed Council is a measure to curtail a great and deeply cherished privilege which the country has enjoyed, with two brief interruptions, for three-quarters of a century. But while the plans of statesmen have matured slowly, events designed by malignant fates to frustrate their purpose have moved faster. And thus we find that just when the scheme of reforms has materialised, the sky is dark with clouds which probably will roll away before long, but which for the time wear a threatening aspect. My Lord, I confess that the regret with which I approach a consideration of this Bill has been deepened by the fact that the measure is being hurried through its several stages by suspending the standing orders and without giving the country practically any opportunity to express its opinion on it. In saying this, I do not forget the fact that Lord Lytton's Act of 1878 was introduced and passed at one sitting, nor do I overlook the consideration shown by Your Lordship, after deciding to suspend the standing orders, in giving us at least these three days for consideration and in referring the Bill to a Select Committee. But, my Lord, was this unusual procedure necessary? Surely a week or ten days' delay in enacting this measure would not have made any appreciable difference to any body, since the Bill seeks to apply to the situation what at best can only be a slow remedy. However, I do not wish to pursue this point further; I might not have said even this much, had it not been for

the fact that the Government has been reproached in certain quarters for giving us even these three days.

My Lord, in the minute of dissent which my Hon'ble friend Mr. Mudholkar and I have appended to the Report of the Select Committee, we have briefly stated our position in regard to this measure. That position I would like to amplify in the few minutes for which I propose to occupy the attention of the Council. It is admitted on all hands—the Hon'ble Member in charge of the Bill has admitted it in his speech—that the Penal Code is amply sufficient to *punish* sedition and that the special legislation of last year can effectively put down incitements to violence. What is contended however is that the punishment of seditious writings and utterances under the Penal Code, so far from restricting the area of sedition, actually widens it by reason of the unhealthy excitement it causes and keeps up for months, the rush of natural sympathy of the public to the accused, the crown of martyrdom that comes to be placed on their heads and the amount of odium which the proceedings bring to the Government. And it is urged that the Government is convinced that the right plan to deal with sedition is to proceed by way of prevention rather than by way of punishment. Now, my Lord, I will at once admit that there is considerable force in the whole of this contention. But even so, section 108 of the Criminal Procedure Code which is a means of prevention and which was introduced into the Code twelve years ago for the express purpose of placing such a means at the disposal of the Government, should have been sufficient, and what I cannot quite understand is why it has not been found effective. The only explanation I have heard is that the proceeding under that section being judicial and liable to revision by the High Court, it practically means a trial for sedition, with this difference only that the person proceeded against, instead of being severely sentenced, is merely called upon to give security. But this was precisely the chief merit claimed for the section when it was enacted in 1898, as a reference to the proceedings of the Council of that time will show. My Lord, I cannot help saying that it would have been fairer to the Legislature if the Government

had tried section 108 of the Criminal Procedure Code in some cases, instead of allowing it to remain practically a dead letter, before applying for fresh powers. Or if it was considered that the time had gone by when the section, as it stood, could be usefully applied—I myself am inclined to think that in some parts of the country the evil has now gone beyond the stage where section 108 could be applied with much effect—a proposal to amend the section so as to make its operation more simple and expeditious would have caused less disturbance to our ideas on this subject and would undoubtedly have been more acceptable.

My Lord, the principal addition which the Bill makes to the powers already possessed by the Government for dealing with sedition is that it makes the taking of security from printing-presses and newspapers a purely executive act. It also empowers the Executive to order the forfeiture of such security and even the confiscation of printing presses on the ground that an offence has been committed, though here an appeal is allowed to a Special Tribunal of High Court Judges. These are the main provisions and they embody what may be called the principle of the Bill. My Lord, in ordinary times I should have deemed it my duty to resist such proposals to the utmost of my power. The risks involved in them are grave and obvious. But in view of the situation that exists in several parts of the country to-day, I have reluctantly come, after a careful and anxious consideration, to the conclusion that I should not be justified in opposing the principle of this Bill. It is not merely the assassinations that have taken place, or the conspiracies that have come to light, or the political dacoities that are being committed, that fill me with anxiety. The air in many places is still thick with ideas that are undoubtedly antagonistic to the unquestioned continuance of British rule, with which our hopes of a peaceful evolution are bound up and this is a feature of the situation quite as serious as anything else. Several causes have contributed to produce this result, of which the writings in a section of the Press have been one. And to the extent to which a remedy can be applied to these writings by

such executive action as is contemplated in the Bill, I am not prepared to say that the remedy should not be applied. There is no doubt that even if the powers conferred by the Bill are exercised judiciously some inconvenience and even hardship is inevitable to well-intentioned concerns. And if the powers are not exercised with care, great harm is bound to follow. Moreover, as long as this law continues in force, even the best Indian concerns must work in an atmosphere of uncertainty and apprehension. But all these risks may be temporarily borne if they help in some measure to free the air of ideas of which I have spoken. Only it is of the utmost importance that they should be temporary, and I therefore most earnestly urge that the operation of this law should be limited to a period of three years only. Further, I think the rigour of some of the provisions can well be softened without rendering the Bill less effective. With these, however, I will deal when I move the amendments of which I have given notice.

My Lord, I have said that the situation in several parts of the country is an anxious one. That however does not mean that in my opinion things are really going from bad to worse. On the contrary I entirely share the view which was so clearly and firmly expressed by Your Lordship on the opening day of this Council—a view in such striking contrast to the nervous opinions that one hears on so many sides, especially in this city—that the general situation is far easier to-day than it ever was during Your Lordship's time. There is no doubt whatever that the Reform Scheme, despite considerable dissatisfaction about details, has largely eased the tension of the situation and has brought over to the side of the administration factors that might otherwise have remained sullenly or helplessly aloof. There is no doubt also that these wicked assassinations and dacoities which have been disfiguring the page of Indian history since last year have at last roused the Indian community to a sense of the great danger in which it stands. Our community is a slow-moving community, but once it begins to move, it moves surely. And any one who can read the signs may see that it has shaken off its lethargy and begun to advance to the support of law and order. My Lord,

the crop of violence that has now come to the surface had its grounds prepared five years ago. I sincerely believe that no new ground is being added to it, and though we may not have seen the last of these outrages, I think we are nearer the end than many imagine. But the juncture is a most difficult and delicate one, and if ever any juncture called for the utmost tact and conciliation, such as we have now learnt, despite repressive measures to which you have been from time to time driven, to associate with Your Lordship's name, that juncture is the present. Angry cries for reprisals, however natural and even justified, will not mend matters and will certainly not assist the task that lies before the Government. My Lord, I am not one of those who think that any appreciable section of the Indian Press has always been seditious or that the press in India has, on the whole, done more mischief than good. On the contrary, our Press has been in the main a potent instrument of progress; it has quickened our national consciousness; it has spread in the country ideas of justice and equality not only between man and man but also between class and class; it has stimulated our public spirit; it has set us higher standards of public duty. And till five years ago, I do not think that, barring a very few exceptions, any section was actually seditious, if by sedition a desire to see British rule overthrown is understood. A considerable proportion was no doubt often ill-informed, prejudiced, even intolerably bitter in its comments on the administration and its measures; but this sprang mainly from ignorance and from feeling that grievances were not redressed, and not from any actual hostility to the rule itself. During the last five years seditious ideas have no doubt spread more or less in all parts of the country and in some parts more rapidly and extensively than in others. This, however, has been due to special causes which are now well understood and over which it is unnecessary to dwell. I think, my Lord, my countrymen are now growing alive to the fact that nothing is more surely destructive of our hopes of future progress than the spread of these ideas in the land. In my opinion, our first duty is to help in removing these ideas from the air, and because I feel this most strongly, I am prepared to let

the Government apply to the situation even the drastic remedies contemplated by this Bill. I do not know if we shall succeed in overcoming the evil altogether. Even if it lies dormant for a time, there is much in the situation itself which will constantly tend to stir it into fresh activity. I have already said that several causes have combined to bring about the present state of things. It is of course impossible to go into all of them, but one of them may be mentioned—it is the writings in a section of the Anglo-Indian Press. My Lord, I doubt if many Englishmen realise how large a share these writings have had in turning so many of my countrymen against British rule. The terms of race arrogance and contempt in which some of these papers constantly speak of the Indians and specially of educated Indians cut into the mind more than the lash can cut into the flesh. Many of my countrymen imagine that every Anglo-Indian pen that writes in the Press is dipped in Government ink. It is an absurd idea, but it does great harm all the same. My Lord, I feel bound to say that this Bill by itself cannot achieve much. It is even possible that the immediate effect of its passing will be to fill the public mind with a certain amount of resentment. And unless the powers conferred by it are used with the utmost care and caution, the evil which they are intended to combat may only be driven underground. Force may afford temporary relief, but it never can prove a permanent remedy to such a state of things as we have in this country. It is only in the co-operation of all classes and the steady pursuit of a policy of wise conciliation on the part of Government that the best hopes of thoughtful men on both sides for the future of this land must lie.

INDIAN TARIFF (AMENDMENT) BILL.

[*On 4th March 1910, the Hon'ble Sir Guy Fleetwood Wilson, Finance Member of the Government of India, presented the Report of the Select Committee on the Indian Tariff (Amendment) Bill, and His Excellency Lord Minto, who was in the chair, having suspended the rules of business, the Report was taken into consideration immediately. The debate that followed was opened by Mr. Gokhale with the following speech* :—]

My Lord, before the Council proceeds to a consideration of the several amendments of which notice has been given, I would like to make a few observations on the general financial situation which in the opinion of the Hon'ble the Finance Minister has necessitated the imposition of fresh taxation. Hitherto fresh taxation has been associated in our minds with war or famine or a sudden increase in military charges or a falling exchange. This is the first time, so far as I am aware, when it is proposed to levy additional taxation in a normal year, free from any specially disturbing factors. The Finance Minister has told us that opium and East Bengal are responsible for the new burdens sought to be imposed upon the country. He expects the opium revenue for next year to fall short of the amount realised during the current year by £872,000 or about a crore and thirty lakhs; and he is called upon in addition to find an extra quarter of a million, or thirty-eight lakhs, to relieve the embarrassment of the Government of East Bengal and Assam. In the Finance Minister's opinion, therefore, the principal share of the responsibility for the present difficulty falls on opium. Now, my Lord, I think it is necessary to protest against this view. Even assuming that the estimate of opium revenue for next year is not an under-estimate, we still find that the net receipts budgetted for under opium are 3½ millions sterling which was precisely the amount of the net opium revenue realised in 1907–08, when there was no

deficit and when the policy of gradually extinguishing the opium revenue in ten years was laid down. In announcing that policy, His Honour Sir Edward Baker, who was then Finance Minister, expressed himself as follows :—

> Twenty years ago or even less, the prospect of losing a revenue of five and a half crores a year would have been a cause of very grave anxiety. Even now, if the whole or a great part of the revenue should be struck off at a blow, the dislocation of our finances would be serious and might necessitate recourse to increase of taxation But if, as we have a clear right to expect, the transition is effected with a due regard to our convenience and spread over a suitable term of years, the consequences may be faced if not with equanimity, at least without apprehension.

And again :—

> The point which I wish to emphasise at present is that there is no need for despondency and that if all goes well, there is nothing worse to fear than the absorption for a few years of the means of affording further relief to the taxpayer and of incurring useful expenditure for the development of the country.

Sir Edward Baker was thus prepared three years ago to face the loss of a tenth part of the opium revenue of 1907–08 every year without having recourse to extra taxation, if the circumstances of the country continued normal. And the Government should have been prepared to-day to part with three-tenths of three and a half millions, that is, about a million sterling. Instead, however, of the net opium revenue being only 2½ millions sterling, the Hon'ble Member has actually budgetted for 3½ millions for next year, and yet he throws on opium the main responsibility for his additional taxation! No, my Lord, if fresh taxation has really become necessary, which I, for one, venture to doubt, we must look for an explanation deeper. It is true that Eastern Bengal is now to have 38 lakhs a year more from the Imperial Government, which means that the partition of Bengal is now going to affect the whole country materially as it has already done politically. But as our normal growth of revenue is about a crore and twenty lakhs as once estimated by Sir Edward Baker, it is clear that the increased allotment to Eastern Bengal and Assam need not by itself have led to extra taxation. To understand what has really brought about a deterioration

in the financial position of the country, we must go back to the year 1907-08, and compare the figures of revenue and expenditure for that year with those in the budget proposals for next year. Taking both receipts and charges net, as given in statement E—and that is the best thing to do for purposes of a real comparison—I find that the total net receipts under major revenue heads for next year are estimated at 3 millions sterling more than for 1907-08—the opium receipts being the same for both years, namely, 3½ millions, but land revenue being two millions more for next year and there being a total increase of another million under other heads. I also find that as against this increase of 3 millions, there is a deterioration, under railways of over a million, an increase of no less than 1·01 millions under net charges of civil departments, nearly half a million under military services, and over half a million under interest, telegraph, minor and other heads. To my mind, therefore, it is clear that the main responsibility for our present difficulties rests on the shoulders of the civil departments and the Railway Board. My Lord, I cannot help saying that an increase of nearly 2 millions sterling in the net charges of the civil departments in three years is a phenomenal increase and needs explanation. I will not say that I am much surprised, for during the last few years there was hardly ever a day when we did not hear of higher scales of pay being sanctioned for the superior officers of some civil department or other. The operations of the Railway Board, too, which called forth a sharp remonstrance from His Honour the Lieutenant-Governor of Bengal last year, have had the inevitable effect of throwing on the resources of the Government a steadily increasing burden of working expenses. In addition to these two causes, I am of opinion that the prevalence of high prices in the country is bound to affect the Exchequer adversely in two ways. First, the Government, as the largest purchaser in the country, has to pay more for its purchases, and secondly, the pressure of high prices on the resources of the people tends to diminish the revenue contributed by them to the Government under several heads. I think, my Lord, that all these questions need a careful investigation. I had hoped, from the observations

made by the Finance Minister in his Financial Statement last year, that he would not turn to fresh taxation until at least a policy of severe retrenchment had been carried out in all departments. It appears, however, from the present Financial Statement, that the Hon'ble Member has almost given up the unequal struggle. The forces that make for economy in this country are extremely weak, while those that make for continuous increases on expenditure in different departments are enormously strong, and one of the greatest needs of the country is to devise measures which will effectively safeguard the interest of economy.

My Lord, the proposed enhancements of duty under the Tariff Bill are expected to bring in an extra million sterling or a crore and a half of rupees, half of which will be contributed by tobacco and liquors and the other half by silver and petroleum. Now, I strongly hold that there is really no need for this extra taxation. In the first place, if the circumstances of the country continue normal, the estimates for the next year framed by the Hon'ble Member will be found to be too cautious. Under salt, for instance, I am confident that the increase will be considerably more than what has been budgetted for. Again, those who are well acquainted with the conditions of the opium trade are clearly of opinion—my Hon'ble friend Sir Sassoon David is a recognised authority in regard to that trade and he strongly holds the view—that in view of the special circumstances of the Chinese market, the rate of Rs. 1,750 per chest of opium which has been taken for next year is much too low and that Rs. 2,000 a chest will be a safe estimate. Lastly, I wish to draw the attention of the Council to the fact that a sum over three-fourths of a million sterling has been provided in the budget for the redemption of railway debt out of revenue. My Lord, I consider that this is an amazing thing to do, absolutely unjust to the tax-payers, when the Finance Minister comes forward with proposals for extra taxation on the ground that the money that will otherwise be raised will be insufficient for current purposes. Railway debt is productive debt. Even now, in spite of the fact that the Railway

Board has pushed up working expenses in all directions, the railways are more than paying the interest on their capital, and there is absolutely no need—I think it is wholly unjustifiable—to devote a part of revenue to the reduction of productive debt. The three-fourths of a million, which represents the capital portion of railway annuities, should clearly come out of loan funds raised for the purpose, and not out of current revenue which is needed for so many pressing current purposes. Even assuming that the Budget estimates are not framed too cautiously, and that the whole of the money proposed to be raised by the contemplated enhancements of duty under Tariff Bill is really required, the transfer of the amount provided for the redemption of railway capital from revenue to capital will enable the Government to dispense with the enhanced duties on silver and petroleum. My Lord, I have no objection to the proposed enhancement of tobacco and liquor duties if there must be extra taxation. In my opinion, however, spirits used in medicinal preparations should be exempted from duty. But I object most strongly to the proposed enhancements on silver and petroleum. The duty on petroleum will necessarily hit the poorest classes in the country. Burma oil may get some advantage under it, but I am afraid the price of even that oil will be raised, if not to the full extent of the new duty, at any rate by a large proportion of it. And as regards silver, I hope even the Finance Minister now sees that a great mistake has been committed in proposing the enhancement. It is bound to add seriously to the great difficulties through which the mill industry is at this time passing. My Lord, the country had a right to expect that the Government would not show such disregard of the interests of its greatest industry after agriculture. The action of the Government, while injuring Indian exporters of yarn, will benefit Chinese producers and thereby bring sensibly nearer the day when India will lose her yarn market in China altogether. It has been claimed for the proposal of Government that it will appreciate the silver trinkets of the mass of poor people throughout the country. The poor people will probably have no opportunity of testing that till a famine

comes, when they might have to part with their trinkets. Meanwhile, in ordinary times they will find themselves adversely affected by the duty every day, as they will have now to pay a higher price for all fresh investments of their small saving in silver. My Lord, I strongly urge even at this last moment that the proposed enhancements of duty on petroleum and silver should be given up. If the Government insists on having the half million which they are expected to bring in, there are other ways far less objectionable of raising the amount. For instance, an enhanced import-duty on sugar will be greatly preferable to the enhanced duty on petroleum, and a small export duty on jute, of which we have a monopoly in the world, with a countervailing excise in India, if necessary, will bring in more revenue than the proposed duty on silver and will have much to recommend it. My Lord, I advocate an export-duty on jute on two grounds. In the first place, it is partly for meeting the increased cost of administration in Eastern Bengal that the new taxation is proposed. It is therefore only fair that Bengal, which already pays less than other provinces owing to her permanent settlement, should find the money by a tax on one of her great staples. Secondly, it is not just that, while the cotton industry of Bombay is already taxed, a further burden should again be laid on it, and the jute industry of Bengal should go altogether free. An export-duty on raw hides and skins which are being exported in enormous quantities may also bring a considerable revenue, and the same may be said of seeds. Or, if the Government prefer it, they may raise (and later lower) according to their needs the whole of the custom duties taken together, treating them in India as they treat the income-tax in England. I think, my Lord, that that would be preferable to selecting a few commodities like silver and petroleum for heavy enhancement.

SURPLUSES AND SANITATION.

[*On 5th March 1910, the 1st stage of the discussion on the Financial Statement for 1910–11 was taken under the rules of the Reformed Councils, the Hon'ble Sir Harvey Adamson, Vice-President, being in the chair. At this meeting, Mr. Gokhale moved that "this Council recommends that the amount of loan to be raised during the year 1910–11 should be £ 1,245,900 instead of £ 1,000,000 and that the sum of £ 245,900, which is the estimated surplus for the current year, should be allotted to the several Provincial Governments to be expended by them in assisting local bodies to carry out projects of sanitary improvements;" and in submitting this resolution to the Council, Mr. Gokhale made the following speech*:—]

He said:—I must first explain to the Council what my object is in moving this resolution. It is true that the resolution comes before the Council in the shape of a proposal to raise the amount of the loan that the Government want for next year. As a matter of fact, however, it is not an essential part of my proposal at all that the loan should be raised from 1 to 1¼ millions. Whether the loan for next year is 1 or 2 millions or half a million is a matter of indifference to me; but I have had to put my motion in this form, because I do not want to disturb the provision made in the budget for capital expenditure and I do not want to disturb the cash balances that the Government expect to have for next year, after making this provision for capital expenditure. My real object is to secure the surplus of the year for expenditure in the promotion of sanitation throughout the country. What usually happens under the procedure adopted in connection with a surplus is this. The surplus forms part of the cash balances, and out of the cash balances a certain amount is devoted to capital expenditure, whenever this is practicable, and thus the surplus ultimately finds its way into capital expenditure. I want to withdraw the surplus for next year from being expended

as capital expenditure, and I would like to have it placed at the disposal of Local Governments, in order that they might use it in assisting local bodies, especially in municipalities, in carrying out projects of sanitary improvement. The whole of my resolution comes to this, that I want this Council to recommend that all surpluses that are annually realised, whenever they are realised, should, instead of going into the cash balances, and from there going into the construction of railways and indirectly to the redemption of unproductive debt, should be placed at the disposal of Provincial Governments and be ear-marked to assist municipalities in the promotion of sanitation. I have urged this question again and again on the attention of the Council for the past six years. I first raised it in 1904, and I have continued to press it year by year. Two years ago the then Finance Member, Sir Edward Baker, gave us about 30 lakhs to be expended on sanitation by municipalities. That was a small response to the appeal that I made year after year, but, with that exception, my appeals have had no effect. Starting with the year 1898–1899, we find that we have had, during the ten years, ten consecutive surpluses amounting to 25 millions sterling or 37½ crores. And the bulk of them have, under this system of accounts, gone first to Railway construction and from there to the reduction of our unproductive debt. Now, railway construction is a most desirable object, and so is also the reduction of the unproductive debt. Ordinarily, there would be nothing to be said against it, but at present, when there are objects, far more pressing and far more important, which require money, I do not think the Government is justified in devoting such a large sum out of surplus revenues in the way they have done. If this sum of £25 millions sterling, or 37½ crores of rupees, or at any rate the bulk of it, had been devoted to sanitary projects throughout the country, what a difference it would have made in every direction! I do not think I need say much about the needs of sanitation; the ravages of plague, malaria and other diseases in all directions and a death-rate already high and yet steadily rising —for 1907-08 it was 37 per thousand as against 35 per thousand in the three previous years—all that show that

one of the greatest needs of the country to-day is improved sanitation. How is the need to be satisfied? Our municipalities are admittedly very poor, their resources are small and they are already insufficient for their ordinary work. Sanitary projects are very costly; expenditure on them has to be on a Western scale, whereas it has to be carried out in Eastern cities, which, as I have already said, are very poor. If municipalities are left to themselves to undertake sanitary works, the case is a hopeless one; therefore Government must come to the rescue of the municipalities. The only way in which Government can do so is either by voting a large permanent annual grant, or by placing their surplus at the disposal of Provincial Governments for assistance to local bodies in carrying out these necessary works. As regards a large permanent grant, I should be very glad to see it, but I foresee obvious difficulties in the way, especially in a year like this, when the Finance Minister has just carried through Bills imposing extra taxation; it is therefore hopeless to expect that Government will make a permanent addition to its recurring expenditure for the purpose of assisting municipalities in regard to sanitation. But there is an easier way of helping them, and it is a way that will meet the requirements of the situation. What I propose is this. Whenever a surplus is realised, instead of its being devoted to Railway construction or some such object, it should be placed automatically at the disposal of Local Governments. A surplus is so much excess revenue taken from the people by the Government over and above its requirements. Even the Finance Department, that knows so much more than its critics, cannot calculate to a nicety how much money is required and how much will be raised in a given year. But when a surplus is realised, it is clear that the financial authorities have taken from the people more money than was required. Let this excess therefore go back to the people in the form of expenditure on improved sanitation. I think this is an eminently just plea, and I think that it is also a plea whose force should be recognised in the interests of the masses of the people. I know what was often urged by the late Finance Member, Sir Edward Baker, that it is the practice in other coun-

tries to devote surpluses to the reduction of debt. That is true, but I would remind the Council of what Sir Herbert Risely said when carrying through his Press Bill the other day. He said:—"Let India be guided by her own lights: she has her own problems and must solve them in her own way." Where the debts are huge as in England and other European countries, every opportunity should be taken to reduce the debt by means of a Sinking Fund or in any other way that it is practicable. In India the unproductive debt is a mere bagatelle; it is a paltry sum of 40 millions—it should be remembered in this connection that it is only the unproductive debt that matters. The reduction of the productive debt is not a matter of any importance, and should not be undertaken by Government out of the revenue of the country. The unproductive debt has got to be reduced, but as it is only about 40 millions, its reduction is not a matter of such immediate or paramount importance as the promotion of sanitation throughout the country. Sir, I have not much more to say. I would only urge this in conclusion that if the whole of this surplus cannot be made available, I am quite willing to agree to halt the surplus being placed at the disposal of Provincial Governments. All that I insist on is that a surplus should not be absorbed by Government in the way it does at present.

[*Replying on the debate that ensued, Mr. Gokhale made the following speech*:—]

The Hon'ble Mr. Gokhale said:—Mr. Vice-President, I would like to say a few words by way of reply to the observations that have fallen from some of the members before the Hon'ble the Finance Minister has the final word in regard to this resolution so far as this year is concerned. I will first take up what the Hon'ble Mr. Madge said on this subject. Mr. Madge's difficulty is that I have proposed no principles on which the surpluses might be distributed by the Imperial Government among the Provincial Governments, if my resolution is accepted. Well, the answer to that is simple. The Government of India would have entire discretion in the

matter just as they always have whenever they are distributing extra grants among Local Governments. Two years ago, when His Honour Sir Edward Baker placed 30 lakhs at the disposal of the Local Governments, he used his discretion in allotting the grants to the Provincial Governments. The same will happen if my resolution is carried.

As regards what the Hon'ble Mr. Slacke said, that only in a way confirms my principal complaint. Of this 30 lakhs that the Government of India then gave to Provincial Governments, Bengal got 4½ lakhs and I suppose the Bengal Government wanted to distribute this sum among the different municipalities, giving a small sum here, a small sum there, and a small sum to a third municipality, and they wanted the municipalities to provide double that amount probably out of their own current resources in order to carry out some works of improvement. Now, I entirely object to this. What we need is large sanitary projects in important cities. But large sanitary projects cost plenty of money. In Poona, for instance, we have been wanting drainage for a long time very badly. The estimates given by different engineers have been 45 lakhs, 22 lakhs, and 16 lakhs the lowest, and so on. A single municipality, therefore, if it is to be effectively assisted, would absorb more than your 4½ lakhs, but that would be a far more effective way of applying such grants.

The Hon'ble Mr. Slacke:—That is exactly what was done.

The Hon'ble Mr. Gokhale:—But 4½ lakhs cannot go any great length in a big town where you want (say) 25 lakhs. But that is not the whole of my contention. I hold that even this one-third and two-thirds distribution of expenditure is beyond the powers of our municipalities. I have already pointed out that our municipalities are very poor. What are the sources of their income, what is the property which they can tax? House property they tax, but in most towns it is extremely poor property. They have a road-cess, a conservancy cess, and one or two other cesses, and they probably have an octroi duty. What

more is there in an ordinary city to tax, so that a municipality can derive any income? In Poona, for instance, where I had the honour to be at the head of the municipality for five years, we were practically bankrupt all the time I was there. It was a time of plague, and every pie we could spare was used in connection with plague operations. The roads had to be neglected, and the schools were cut down.

Well, I think that if these sanitary projects are to be carried out, the Government must contribute much more than this one-third. In some cases Government may have to find the entire amount if these works are to be undertaken. This is a situation which must be understood clearly. The Government constructs railways. Suppose some of the railways had been left to private enterprise in this country, where would our railways have been to-day? Suppose large trunk roads had been left to District Boards, where would trunk roads have been to-day?

I do not think it will do for Government to say that this is a matter which concerns municipalities alone, and they must find the bulk of the money. Government may as well say that they do not care whether there is improved sanitation or not in the country. Another point I would like to submit in this connection is that the present distribution of resources between Government, Imperial and Provincial on one side, and the local bodies on the other, is absolutely unfair to local bodies. If the local bodies had sources of revenue placed at their disposal which could bring in some considerable revenue, then I could understand the Government throwing the responsibility of constructing sanitary works on these local bodies, but in the struggle that they have to carry on to merely maintain themselves, it is almost cruel to expect these municipalities to find money for these vast undertakings.

I will now come to what the Hon'ble Mr. Meston said in reply to my resolution. The Hon'ble Mr. Meston's attitude is the old orthodox attitude of the Finance Department towards this question. I cannot hope to succeed where so great and powerful a member of the

Government, as our late Commander-in-Chief Lord Kitchener failed, because I understand that he often and very vigorously maintained the view which I have urged in this Council year after year. However, I mean to persevere. There were certain things which the Hon'ble Mr. Meston said which, if he will pardon my saying so, appeared to me to be somewhat curious. For instance, he said that if my resolution was accepted the unproductive debt of the country would be increased, and then the credit of the Government of which I have spoken would be affected. I do not know how the debt of the Government is going to increase if my resolution is accepted. I do not propose you should borrow, if you wish to help municipalities. Your unproductive debt is only about 40 millions to-day. Surely, if you do not borrow more I cannot see how it is going to increase. It could not, of course, diminish unless you devoted a portion of your surplus towards a further reduction, but certainly it could not increase. It is true you may have to borrow during famine times. That is another question; that has a history of its own, and you have to go back thirty years to understand that history. When the big famine of 1876–1878 occurred in this country, the Government estimated that on an average in about ten years from 10 to 15 crores were needed for actual famine relief and for avoiding the loss which occurred to Government in connection with revenue and so forth! and they therefore in the year 1879, when Sir John Strachey was Finance Minister, imposed extra taxation to provide this fifteen crores in ten years' time—the amount that they expected to be lost by the State by direct famine losses and losses in connection with revenue. This tax is a part of the general taxes of the country. It has been added to since then; it has not been taken away, and so there you will find the provision for preventing the growth of debt owing to famines. There is the standing provision out of the revenues of the country of half a million; in this year's budget, you will find there is this provision of a million sterling a year, half of which is ordinarily devoted to the reduction of debt in order that, when famine times come, the Government should, if necessary, be able to borrow and

yet the debt may not be increased. Then the Hon'ble Member stated that the surpluses of which I have spoken had come from the earnings on railways— they were profits from railways. Now, I have not got the exact figures before me and I am speaking only from memory, but I am sure the Hon'ble Member is wrong. The profits from railways have not come to 20 millions in the last ten years, or even half that amount. I think the highest profit from railways was in 1906-07—the last but one year of Sir Edward Baker's tenure as Finance Minister—and it was then I think $2\frac{1}{3}$ millions. The next year it was $1\frac{1}{2}$ million or thereabouts. The total profits from railways during the last few years when railways have been paying, have not, I think, been more than 7 or 8 millions altogether; in any case, I am quite confident, they have never been anywhere near 25 millions. Moreover, if you are going to point your finger to the profits from railways, I would ask you to remember that railways have cost us, ever since they were first built, I think 53 or 54 crores, not less, during the time that railways were a losing concern, and not a paying concern. Therefore, if you are making any small profits now, those profits, I venture to say, should go to repay the country for the losses that the country had to bear on account of railways out of current revenues for 40 to 50 years.

The last thing is about the duty of local bodies. I say, Sir, that if this is the view that the Government are going to take, that sanitation is the business of local bodies and that they must help themselves as well as they can, all I can say is that this is not a view which should commend itself to this Council. The Government has introduced higher standards of administration in this country and it behoves Government to see that in sanitation also things which can be done only with substantial assistance from Government are done rather than left undone. There are two policies, so to say, before us. On the one side you have more and more expenditure on the Army, a top-heavy civil administration, and greater and greater expenditure on railways. That is one direction. The other direction is more education, more sanitation,

money for the relief of agricultural indebtedness, and similar objects concerning the moral and material well-being of the masses. Hitherto the first policy has been on the whole predominant. When I say that, I do not mean that the second has been neglected altogether. I do not mean that at all. But there is no doubt that far more money has been and is being spent on the first, whereas the second has been and is being comparatively starved; and I urge that the relative claims of the two on the resources of the country should now be reversed.

REDUCTION OR AVOIDANCE OF DEBT.

[*The second stage of the discussion on the Financial Statement for 1910-11 was taken on 9th March 1910, the Hon'ble Sir Harvey Adamson, Vice-President, being in the chair. At this meeting, Mr. Gokhale moved a resolution recommending the abolition of the annual allotment for Reduction or Avoidance of Debt under the head of Famine Relief and Insurance and in support of his motion made the following speech* :—]

The Hon'ble Mr. Gokhale said:—Sir, my resolution reads as follows:—

That this Council recommends that the annual allotment of half a million sterling under Famine Relief and Insurance to Reduction or Avoidance of Debt should now be abolished.

I would like at the outset to make a slight alteration in the wording of the resolution. I would say 'that this Council recommends that the annual allotment (which for next year, is half a million sterling) under Famine Relief and Insurance to Reduction or Avoidance of Debt, should now be abolished.'

I make this alteration because though in ordinary times when there is no expenditure on Famine Relief one might expect this allotment to be half a million—in practice it has not always been half a million: therefore in order to be strictly accurate I should like to alter the wording as proposed.

The Council no doubt is aware that there is a head of expenditure in our accounts known as Famine Relief and Insurance. The total charge under this head is one million sterling and is divided into three sub-heads. One is actual famine relief; the second is expenditure out of revenue on protective works, being both railway and irrigation, but now for all practical purposes irrigation; and third, the

sum allotted for the reduction or avoidance of debt. I understand there is a limit as regards protective works, not more than half being devoted to protective works. Therefore when there is no actual expenditure on famine relief, the other half goes, or can go, to reduction or avoidance of debt.

Now, Sir, I want to invite the attention of the Council briefly to the history of this Famine Insurance Grant, and I shall state it in as few words as possible.

This grant, or fund as it was called at the beginning, was created thirty years ago on account of very serious expenditure which Government at that time had to incur in connection with the relief of two famines. The Government of Lord Lytton in 1878-79 found that the Government of India had to spend about 17 crores of rupees in connection with the famine in Bengal and the North-Western Provinces in 1874 and the bigger famine which ravaged the Western and Southern Presidencies later on from 1876 to the beginning of 1878. The total expenditure in connection with famine relief and loss of revenue in the years was about sixteen or seventeen crores, and the Government decided that they should levy extra taxation in order to provide in the course of ten years a sum of 15 crores of rupees. It was calculated that ordinarily two famines might be expected in ten years, and a sum of one million sterling under the three heads which I have just mentioned, was provided and earmarked for famine purposes. Immediately afterwards a question arose as to how this money was to be disposed of. In 1879 a Parliamentary Committee was appointed, presided over by Lord George Hamilton, to enquire into the question of public works, and this Committee laid down how the Famine Insurance Fund should then be spent. I think perhaps the best way in which I could state to the Council the objects of that Famine Insurance Grant would be to quote an extract from the report of that Parliamentary Committee. This was what Lord George Hamilton and his colleagues said: 'During the financial years 1877-78-79 additional taxation was imposed in India in order to establish an annual Famine Insurance Fund of a crore and a

half (in the currency of that time a million and a half). That amount was fixed with reference to famine expenditure which during the last six years amounted to the enormous sum, exclusive of the loss of revenue of 14 crores of rupees and of which a large proportion had been met by borrowing. The object of this Famine Insurance Fund was, by increasing the revenue, to avoid constant additions to the debt of India which the prevention of periodical famines would entail by either applying that increase of income to works likely to avert famine and thus obviate famine expenditure, or by reducing annually the debt contracted for famine, so that if famine expenditure should again become inevitable the reduction of debt made in years of prosperity would compensate for the liabilities incurred during scarcity. This increase of taxation was sanctioned by the Secretary of State in Council on this understanding.'

The understanding, therefore, was that the grant was to be devoted, first, to preventing additions to the debt of the country, and secondly, for promoting protective works which would mitigate the rigours of famine. Now the history of this fund or grant is a somewhat chequered one. Immediately after it was instituted, owing to financial difficulties connected with the Afghan War, the fund had to be diverted to other purposes. During the five years of Lord Ripon's Viceroyalty the fund was spent on the purposes for which it was instituted, but again in Lord Dufferin's time there was a diversion.

There was then very considerable criticism in the House of Commons, and ultimately the Government restored this Famine Insurance Fund, but during Sir James Westland's time it was never fully a crore and a half for several years but only one crore, and he justified that reduction by saying that there was an improvement in the condition of the country and in the capacity of the people to resist famine.

However, in Lord Curzon's time the full crore and a half was restored.

This period of thirty years during which the famine grant has been devoted to the purposes mentioned may roughly be divided into two equal parts from 1881 to 1895-1896 and from 1895 up to the present time. The first period was practically free from famine. There were no doubt scarcities here and there and even small famines, but there was nothing serious, and I therefore omit the whole of that period as not being altogether too favourable for the purposes of my argument.

Taking the second period 1895—up to the present time—there were two of the greatest famines of the century which ravaged the greater part of the country, besides two or three smaller famines. Therefore it could not be said that this period was free from famine conditions, and yet what do we find? The unproductive debt of the country, which alone has to be taken into consideration in connection with this matter, was 70 millions at the beginning of this period. At the close of this period that debt was only 40 millions. Therefore this unproductive debt or ordinary debt, instead of being added to, was actually reduced from 70 millions. Out of this the portion of the famine Relief Grant devoted to reduction comes to $4\frac{1}{2}$ millions or $4\frac{1}{4}$ millions to 40 millions. The rest was due to the surpluses having been devoted to railway construction and through that to reduction of debt. My point therefore now is, if in the absence of this grant the unproductive debt had had to be added to, then this expenditure out of revenue in reducing the debt would have been justified and this sum would have been properly devoted according to the original intention to preventing additions to the debt of the country. But as the debt was largely reduced independently of the grant, I think it was unnecessary that this grant of $4\frac{1}{2}$ millions should have been devoted further to the reduction of the debt. And I say this sum might have been spent usefully in other directions.

I want the Council to realise this; that there is a difference between what Lord George Hamilton's Committee laid down as the object of this grant in relation to the debt, and the present practice of Government. It is

true that Government devote this to the reduction of debt, but they devote it to the reduction of debt by increasing the amount available for productive purposes and principally railway construction. Therefore this sum taken out of revenue, which is intended to mitigate the rigours of famine and which is also intended to enable the Government to borrow in times of famine, is being ordinarily devoted to increase the resources of Government for capital outlay on railway construction. Now, Sir, I have been contending again and again in the Council that as our railways earn a very fair rate of interest and as the credit of Government is excellent, the Government should confine the outlay on railway construction only to such sums as can be raised in the market out of borrowings; and any sums available out of current revenues should be used for other more pressing objects. I would therefore suggest that this grant of half a million or under should no more be devoted to the reduction of debt, because the debt is already very small and I do not think its reduction is of paramount importance. On the other hand, if the same sum was made available for agricultural education, for the organization of rural credit and other measures connected with the material improvement of the peasantry, that would benefit the peasantry far more than the present practice of Government and would enable the peasantry to resist the onslaught of famine better than the course which the Government adopts. I am quite sure the Finance Member will tell us that I am attacking the principle of the Sinking Fund. No doubt I am. I go further and say that in the present state you do not want a Sinking Fund. India must deal with her own problems in her own way, and in India, as I said the other day, the unproductive debt is a mere bagatelle—only 40 millions. Where the unproductive debt is huge, as in England, a Sinking Fund is an absolute necessity; but where it is small and where we want money urgently for other purposes, I think the Sinking Fund is an absurdity. I therefore move that the grant of half a million for next year under Famine Relief and Insurance to reduction or avoidance of debt should now be abolished.

RAILWAY FINANCE.

[*During the 2nd stage of the discussion of the Financial Statement for 1910-11 under Railways, Mr. Gokhale moved for a reduction of their working expenses by 1 crore of rupees, and made the following speech on the occasion* :—]

The Hon'ble Mr. Gokhale :—Sir, I beg to move that 'this Council recommends that the provision for the working expenses of State Railways for the next year should be reduced by one crore of rupees.' Sir, I wish it had been possible for me to act on the suggestion which was just now thrown out by the Hon'ble Sir T. R. Wynne, namely, that I should withdraw this resolution as I have done in the case of the two preceding ones. Unfortunately, I am unable to do so. Indeed, so far from withdrawing it, I fear I shall have to ask the Council to divide on it.

In moving this resolution, Sir, I beg leave to express, if I may presume to do so, my sympathy with the Railway Board for the fact that they seem to stand between two fires. Judging from the speech of the Hon'ble Member, I find that the railway administrations as represented by their Boards in London are complaining about the control exercised by the Railway Board. We, on the other hand, in this Council, some of us at any rate, are inclined to complain of the manner in which the working expenses have been allowed to go up. Of course I am a mere outsider and a layman. I cannot go into the technical portions of this railway administration; but I can look at railway finance in a general way; and looking at railway finance in a general way, I have come to certain conclusions which I would like to lay before this Council. There is no doubt that this railway finance has been responsible during the last three or four years for the deterioration in the country's financial position. We find that in the year 1906-1907 the net profit from rail-

ways which the country derived was about £2½ millions; in 1907–1908 it was about £1½ millions. In 1908–1909, instead of a net profit, there was actually a deficit of £1 millions; during the current year there was a gain of about £860,000; and during the next year probably under half a million is expected to be realized as profit. The position, therefore, in five years, has come down from £2½ millions to about half a million profits, and that naturally must set us thinking. I have looked into the figures somewhat closely on that account, and I find that there are certain things which require explanation. The first thing that strikes one looking into these figures is the extraordinary growth of working expenses during the last five years, *i.e.*, since the Railway Board came into existence. The Railway Board came into existence in 1905 and the working expenses have been going up steadily from that year. I have consulted the figures for 15 years from 1890 to 1905, *i.e.*, up to the date the Railway Board came into existence. The working expenses during that period were between 46 and 48 per cent. of the gross receipts uniformly. There was only one year in which the proportion was 49. Otherwise, throughout, the proportion was 46, 46½, 47 and up to 48. From the time that the Railway Board however came into existence—from its very first year—this proportion has been going up. After the proportion had been stationary for 15 years we find in 1906 the proportion rose to 50; from 47 or 47½ it went up to 50; in 1907–1908 it went up to 57·5; in 1908–1909 it went up to 62 per cent.—that was a year of deficit. In 1910, the current year, it is 55·3, and for the next year it is expected to be 56·6. Now, I cannot understand why if for 15 years they were satisfied with 47 or 48 per cent. of gross receipts for working expenses, suddenly there should have been this increase, and they should now ask for 7 or 8 to 12 per cent. more according as you take the year. This certainly requires an explanation. Of course I am quite sure that the money is being well spent, that the money is being spent on improvements, and the Hon'ble Member will no doubt justify this in the name of efficiency—we used to hear of it from various quarters during the last five or six years. There has been so much

more spent on the Army, also on Civil Departments, all in the name of efficiency. I quite admit that efficiency is desirable, but there must be a limit, even to efficiency. As Lord Salisbury once said: 'All efficiency must be relative,' that is, it must take into account not merely the requirements but also the resources of the people for whom you are going to secure that efficiency, and considering that India is a poor country, I think that the Railway Board might be satisfied with a lower standard of efficiency than what it is evidently aiming at. I think there should be a definite proportion beyond which they should not go in the matter of working expenses. If the railway administration of this country were satisfied with 47 to 48 per cent. for 15 years, I do not see why the Railway Board should not impose a similar limit upon itself. It may go a little higher if necessary, but I think beyond 50 per cent. the working expenses should not be allowed to go in any particular year. If anything like that were to be done from next year, as you estimate your revenue at 44 crores, your expenditure would be 22 crores or somewhere there, and you would have about 3 crores for the Finance Minister; and I am quite sure he would not have put upon us the extra taxation that he did the other day. Then there is another point to which I want to draw the attention of this Council, and that is this: that for the last four years the Board or those who are responsible—because I am afraid it is the railway administrations that are carrying out unauthorised works, who are really responsible—in any case we have to hold the Board responsible in this Council and the Board will hold the administrations responsible in its turn—but for the last four years we find that the budget is being systematically exceeded in the matter of working expenses. In the first year it was only a slight excess. In 1906-1907 it was only an excess of 10 lakhs; in 1907-1908 the excess was $2\frac{1}{4}$ crores; in 1908-1909 it was $2\frac{1}{2}$ crores over the budget allotment for working expenses. This year, owing to the great row that was made, there has been of course a great decrease in this excess, but still there is an excess of 11 lakhs. Now I think that this is a thing to which exception must be taken. I think it is most objectionable

that the budget allotment should be exceeded in this manner. I think in this matter I could not do better than quote the words which were employed last year by His Honour Sir Edward Baker in speaking of this question, namely, that the Railway Board had been exceeding its budget in the matter of working expenses. This is what His Honour said. Possibly he used sharp language because his own budget had been upset. I will read the language that he used :—

> I am constrained to say that the explanation presented in the memorandum of the Railway Board seems singularly inadequate. Something is doubtless due to the cost of coal, though we are not told what it amounts to. Grain compensation is said to amount to 23½ lakhs or £ 157,000, *i.e.*, less than one-tenth of the total excess. Floods on the North-Western Railway are called into account for some unspecified part of the remainder; but I seem to remember hearing of similar floods for several years before on that line. A great deal is attributed to repairs and renewals and we are told that commitments have been entered into which could not be stopped. I will not stop to consider the question whether any railway administration is at liberty to enter into commitments of this kind which cannot be modified or contracted if the ensuing year is one of deficit. But I do affirm without hesitation that any administration which contemplates doing so is bound, by all the canons of finance and commonsense, to provide for the corresponding expenditure in its estimate, and in the present instance we have to face the plain fact that the working expenses, in spite of a heavy reduction in the traffic carried, have exceeded the estimates by not much less than a million and a half.

This is strong language, but it is not mine; it was used by one who had been Finance Minister for four years, and I am quite content to leave the question as it is there between Sir Edward Baker and the Hon'ble Sir T. Wynne.

I think that, just as there must be a certain definite proportion beyond which working expenses should not be allowed to go, so also it must be definitely and distinctly laid down that under no circumstances whatever should the budget allotment for working expenses be exceeded. I think that the Finance Department has a right to expect that, and that the Council, as interested in economy, has also a right to expect it.

Having made these two complaints, I would now like to make a suggestion, and that is that I think it would be very desirable if State railways were managed by the State instead of their being managed by Companies. I know this is a question about which there is a difference of opinion, but apart from other things—whether the thing would be immediately more costly or less costly, on that I have heard two opinions—there is one distinct advantage which I claim for this, and that is that in the end State management will be more economical. You compare the ordinary public works list—the personnel of the Public Works officers with the personnel of Railway officers. Throughout you will find a practical exclusion of Indians from the higher ranks of the railway service. Whereas in the Public Works Department a considerable proportion consists of Indians, in the Railway service it is only here and there that you find an Indian; for the most part Indians are carefully shut out. Now, if all these railways were managed by the Government, the Government would, in the first place, be more sympathetic with our aspirations than Boards sitting in London, and secondly, the Government would be more responsive to any pressure of opinion put upon it. The Boards being in London, we may say what we like, they go on doing what they please, and the agents here must obey their directors there. Therefore, as long as the management is in the hands of Companies, the exclusion of Indians from the higher ranks of the railway service must continue, whereas if the management were to pass over to the Government, there would be a more steady employment of Indians in the higher ranks of the service, and this in due course is bound to lead to greater economy in the management of railways. I move the resolution which stands in my name.

[*The Hon'ble Sir T. Wynne, Chairman of the Railway Board, having opposed Mr. Gokhale's motion, Mr. Gokhale made the following reply*:—]

The Hon'ble Mr. Gokhale said:—I would like, Sir, to make a brief reply to the observations that have fallen from the Hon'ble Sir T. Wynne. He pointed out that

in 1909 the net earning under Revenue, as it is called here, was 12·43 millions, which was virtually the same figure as what you have in the accounts of 1906–1907, namely, 12·52. Now that is quite true. But the Hon'ble Member should not have left out of consideration the fact that between those years a large amount had come to be spent as capital outlay on railways, and there must be interest on that capital expenditure. Therefore, the very least that the year 1909 should have shown to be regarded as equal to 1906 was to show the same net amount of revenue as 1906, plus the interest on the capital expenditure during the three years. Well, I find, looking at the amount of interest on debt, that in 1906 the interest on debt was 5 millions, whereas in 1909 the interest is 5·67; that is, two-thirds of a million roughly represents the interest on the additional amount that had come to be expended as railway capital. Now, if only these railways had earned this two-thirds of a million more, under the net earnings, instead of having only £ 760,000 as our profit last year, we should have had nearly a million and a half. Therefore, I do not think that point really helps the Railway Board very much. The Hon'ble Member also said, if you want improvement, you must pay for it. We no doubt want improvement, but not at this rapid pace. We shall be quite content with a slower pace of improvement provided it does not cost us so much. Of course, if double the revenue that the Hon'ble Member gets at present were placed at his disposal, I have no doubt he would employ it easily, and we should have a most perfect system of railways. The question is whether the country can afford it. The Hon'ble Member also said that, if this resolution were pressed, it would be necessary to reduce the operative part of the expenses, and that might mean the dismissal of a number of my countrymen. Well, I am not really frightened by that. I find on looking up the lists here, that most of the men in the higher branches at any rate are the Hon'ble Member's countrymen and not mine, and if he were only to dismiss my countrymen, well, he would not get much out of that. If he wants to make a substantial reduction, he will have to get rid of some of his own countrymen.

I will say only one thing more, and that is with regard to what the Hon'ble Malik Umar Hyat Khan said. The Hon'ble Member's faith in everything that the Government does is most touching: he stands by the Government even where the Hon'ble Sir Edward Baker criticises it. Nobody ever said that the grain in the Punjab should not be carried; the question is whether the expenditure which the Railway Board is incurring, whether all this increased expenditure, was required. I have already pointed out that, since the Railway Board came into existence the working expenses have steadily risen, and no reply has been given to that. Of course improvements, I understand, are required, but why should these improvements have suddenly become necessary on this scale during the last five years, when we had gone on without them for the last half century? I am sorry I must say that I am not convinced by what the Hon'ble Member has said, and I must therefore ask that this resolution be put to the vote.

THE COUNCIL REGULATIONS.

[*On 24th January 1911, the Hon'ble Mr. Malaviya moved a Resolution in the Imperial Legislative Council recommending the appointment of a Committee to consider and report what changes should be made in the Regulations so as to correct inequalities in the treatment of the various communities and to remove some of the restrictions placed in the choice of candidates for election and also to ensure the provision of a more effective non-official majority in the Provincial Councils. Mr. Gokhale, in appealing to the mover not to press his Resolution, spoke as follows :—*]

My Lord, I intervene in this debate with some reluctance because the discussion has taken a somewhat unfortunate turn and the subject is of such a character that no matter how carefully or guardedly one may express oneself one is apt to be misunderstood by somebody or other. At the same time, now that this discussion has been raised, I think it my duty to those whose views I share that I should state what my position in this matter is. My Lord, I am by birth a Hindu, but for many years it has been the earnest aspiration of my life to work for the advancement of this country only as an Indian; and it was in that spirit, two years ago, when this discussion had taken a somewhat acute form and the Muhammadan community were agitating for special electorates in connection with the new Reforms Scheme, that I supported their claim in this Council and thereby, if I may mention it, incurred to some extent the displeasure of my Hindu brethren throughout the country. The position at that time was this. Under the Indian Councils Act of 1892 there were only general electorates, and the actual working of that Act resulted in a great preponderance of Hindu members in Councils throughout the country. There was no question about this fact; and whatever might have been the explanation of this, this was a sore point with the Muhammadan community, and it was no use saying to

them that in the interests of that nationality for which they were all striving they should accept such a position. We had to recognise the actual situation and therefore it was necessary to find a way out of the difficulty. What the Government used to do in those days was that, after the general election had taken place, such inequality as was noticed was redressed by means of Government nomination. Therefore, every time in all the provinces the Government used to appoint a certain number of Muhammadan members of the Council by nomination. Now it was justly objected to this arrangement by the Muhammadan community that it was unfair to them that they should come in only by nomination, and they urged that what they wanted was that instead of coming in by nomination they should come in by election, such election being confined to their community.

My Lord, this was on the whole a reasonable position, and I thought it my duty at that time to support the scheme in this Council. I think, at our present stage, special electorates cannot be avoided, and what I have said about the Muhammadans also applies to some extent to the landlord community. In no country throughout the world is it attempted to lay down that elections should be confined to those who represent education. Take England; for a long time property was the basis of all representation. Gradually the basis has been extended and you now have the democracy in its present form, and now we find the educational centres, forming, so to say, special constituencies. All property, in its largest sense, must certainly have a fair share of representation in this country. I do not think, therefore, that any useful purpose is served by objecting to the special representation that has been given either to the Muhammadans or to the landlord classes. Where, however, a legitimate question may be raised, is in regard to the proportion of representation that has been given to these classes, and I think on this point there is no doubt that the bulk of the community have serious reason for complaint. My Lord, the question having been raised, I think it my duty to state that under the existing arrangements the Muhammadan community is over-repre-

sented in all the Councils. I think many of our Muhammadan friends admit it themselves when the question is put before them in that way. But here it is well to remember that the fault in this matter is not that of the Government of India. I think the original scheme of the Government of India was an eminently fair scheme. Under that scheme Government proposed to give to the Muhammadans such representation partly by mixed electorates and partly by special electorates, that the total should be in accordance with their position in the country.

A great deal has been from time to time said about an expression which the late Viceroy used in his reply to the famous address from a Muhammadan deputation, four years ago, namely, that the political importance of the Muhammadan community must be adequately recognized. I think that all along that expression, so far at any rate as it was used by Lord Minto, has been to a great extent misunderstood. I do not think that the late Viceroy intended to convey that the Muhammadans were politically more important than the Hindus; what he wanted to convey was that the Muhammadans occupied a position of importance in the country. They were so numerous, they had such traditions, they represented such past culture, they had a stake in the country that it was not desirable to leave them without adequate representation. I do not think that, looked at in that way, any objection need be raised to the statement that the Muhammadan community was a politically important community in the country. They are a minority, but they are the most important minority in the country, and therefore it was necessary that representation should be conceded to them in accordance with their importance.

In recognizing this importance, however, there is no doubt that the Government have gone too far and that over-representation has been granted to the community; but the responsibility for that as I was pointing out is with the Secretary of State and not with the Government of India. The original scheme of the Government of India, as I have already said, was eminently fair. The Secretary of State, no doubt from the best of motives

sought to substitute in its place another scheme theoretically perfect but practically, I believe, rather difficult of application in this country; and when that scheme came to be hotly criticised in England, owing to the exigencies of debate in the House of Lords, he not merely threw it overboard, but he also threw over the Government of India's proposals and himself went much further than the Government of India had even intended. This is the whole position, and the question now is what can be done. You cannot take away from the Muhammadan community to-day what you gave them only yesterday, and I would say to my Hindu brethren, make the best of the situation in the larger interests of the country.

My Lord, so far then as the proportion of representation is concerned, I think that there is real ground for complaint, but the matter is not easy to deal with, at any rate, for some time. As regards the other points in this resolution, I think my Hon'ble friend Pandit Madan Mohan Malaviya stands on solid ground. There is no doubt that many of these differences in franchise and qualifications for candidates were perfectly unnecessary, and I am quite sure that when the Government come to revise these regulations they will have no difficulty in removing them if they want to do so. The same thing applies to an elected majority in the Provincial Councils. I think an elected majority in the Provincial Councils would be quite safe. If it is found safe in Bengal, where the relations between the Government and the people have not been quite cordial, there is no reason why it should not do equally well in other provinces. Such an elected majority will consist of composite elements. There will be the Chambers of Commerce men representing the European community, there will be the landholders, there will be the Muhammadan members, and there will be representatives of the general population, and therefore I do not think that there is any danger even from the official point of view in an elected majority in the Provincial Councils. Moreover, if the Government wanted to pass a law for any Province, and the Provincial Council made any difficulty about it, there is a reserve of power in this

Council where there is a standing official majority and where Government will always be able to pass any measure that they please. On these points, therefore, I think that there is a good deal to be said, and when the Government come to reconsider these regulations I hope that something will be done to meet them. My Lord, having said this, I would now make an appeal to my friend the Hon'ble Pandit Madan Mohan Malaviya: I earnestly hope that he will not press his resolution to a division. My Lord, after all, we have got to take a large view of this matter. What does it really matter how many Hindus and how many Muhammadans sit in this Council? The more important question is how many of us work and in what spirit we work here? The numbers would matter on some future occasion when probably questions will have to be carried here by the weight of numbers; to-day we certainly do not propose to carry our points by the weight of numbers. As a matter of fact, whether we are many or few, it is only to the moral influence that we exercise on the Government that we have to look at the present stage. Why, my Lord, even if I could defeat the Government to-day I would not do it. I would not do it for this reason; the prestige of the Government is an important asset at the present stage of the country and I would not lightly disturb it. Therefore the question about the numerical representation of Hindus and Muhammadans may be left over for some time. Other points are upon a footing on which I am quite sure that most Muhammadan members here will be willing to join hands with my Hon'ble friend.

My Lord, before concluding I must express my cordial concurrence with what has been said by my Hon'ble friend Mr. Madge. It is not my good fortune to be often in agreement with my friend, but I most heartily and cordially support what he has said about leaving these questions alone for some time. If a question like this may be raised here, then cow-killing, or the question about Hindu and Muhammadan riots and such others may be raised by somebody else in other places; and then that harmonious co-operation between the two communities which we hope to promote by this Council, and which we

hope to see gradually extending all over the country, would most unfortunately be disturbed and the interests which my Hon'ble friend Pandit Madan Mohan Malaviya himself has so well at heart, would be seriously jeopardised. With these words I again earnestly appeal to my friend not to press this resolution.

INCREASE IN PUBLIC EXPENDITURE.

[*The Imperial Legislative Council met on the 28th of January 1911. His Excellency Lord Hardinge presided. Mr. Gokhale moved a resolution calling for an inquiry into the causes which had led to the great increase in the public expenditure, that had taken place during recent years. In moving this resolution, Mr. Gokhale made the following speech* :—]

The Hon'ble Mr. Gokhale:—My Lord, I rise to move that this Council recommends to the Governor-General-in-Council that the Government should order a public inquiry by a mixed body of officials and non-officials into the causes which have led to the great increase in public expenditure, both Civil and Military, that has taken place during recent years, so that means may be devised for the greater enforcement of economy, where necessary and practicable.

My Lord, the Budget Debate in this Council of last year, and more especially the language employed on the occasion by my Hon'ble friend the Finance Minister, had led me to hope that the Government would of their own accord direct such an inquiry, at any rate, into the civil expenditure of the country. That hope, however, has not been justified, and I therefore deem it my duty to submit this motion to the consideration of this Council. My Lord, the last twelve years have been in some respects a most extraordinary period in Indian finance. A variety of circumstances, to which I will presently refer, combined to place at the disposal of the Government of India, year after year, phenomenally large revenues—phenomenally large, I mean, judged by the standard of this country, and while advantage was taken of the prosperous condition of the Exchequer to grant a certain amount of relief to the taxpayers, the necessary consequences of an overflowing treasury in a

country like India inevitably followed, and the level of expenditure came to be pushed up in every direction in a manner perfectly unprecedented in the history of this country. How large and how unprecedented this growth of expenditure has been may be seen from the fact that two years ago, of a sudden and without any warning, we came to a year of a heavy deficit—the heaviest deficit that this country has known since the Mutiny. And last year, the Hon'ble Member, as if to emphasize the gravity of the situation, felt himself driven to impose additional taxation to the tune of about a million and a quarter in a perfectly normal year, free from famine, war, or any of those other disturbing circumstances which in our mind have been associated with increased taxation in the past. A development of the financial situation so extraordinary and so disquieting demands, in my humble opinion, a close scrutiny, and it is because I want the Government to undertake such an examination that I am raising this discussion in this Council to-day.

My Lord, for a proper appreciation of how enormous this growth of expenditure has been during recent years, it would be necessary to take a brief survey of Indian finance over a somewhat extended period; and I propose, if the Council will bear with me, to attempt such a survey as briefly as I can for a period of about 35 years beginning with the year 1875. I take 1875 as the starting point because, in many respects, that year was a typical year—being also a normal year—typical of the old *regime* associated with the names of Lord Lawrence, Lord Mayo and Lord Northbrook. I propose to begin with that year and survey the finance of the 33 years that follow, as briefly as I can. Before doing so, however, I think I must place before this Council one or two general views about the financial position of the country. Those who merely look at our Financial Statements are likely to carry away a somewhat misleading idea as to what our real revenue or our real expenditure is. The Statements give certain figures known as gross and certain other figures known as nett. But neither the gross figures nor the nett figures give, in my opinion, a correct idea

of what I would call the real revenue and expenditure. To get at the figure of real revenue, it is necessary, in the first place, to exclude from the revenue, under the Principal Heads, Refunds and Drawbacks and Assignments and Compensations and also the cost of the production of Opium. Then we must take the Commercial Services nett; and to this we must add the receipts under the Civil and Military Departments. I think such a process alone would give us a correct idea of our real revenue. Now, applying this to the Budget figures of last year, and those are the latest that are available for us, what do we find? We find that our real revenue, as distinct from either gross or nett revenue as given in the Financial Statement, is about 53 millions, or 80 crores of rupees—being made up of about 49 millions under the Principal Heads, about 1 million nett from Railways and Irrigation, about 2 millions Civil Departmental receipts, and a little over 4 million Military Departmental receipts. Out of this revenue, about a million is devoted to meet the nett charge of interest on unproductive debt, and another million goes to meet the standing charge for Famine Relief and Insurance. If we leave these 2 millions out, 51 millions remain to be devoted to the Civil and Military administration of the country, of which a little over 30 millions is devoted to Civil expenditure and a little under 21 millions is spent on the Army. The Civil charges are made up to-day of about 6 millions for collection of Revenue, about 15 millions for the salaries and expenses of Civil Departments, about 5 millions for miscellaneous Civil Charges, and about 4½ millions for Civil Works. This then is the first fact about our financial position which I would like the Council to note. The second fact, which I would like to mention, is that this real revenue, excluding Opium receipts, which are uncertain and which moreover are threatened with extinction, is capable of growing at the rate of about 1½ per cent. per annum. The calculation, which shows this, is an elaborate one and I do not want to weary the Council with its details. I have tried to take as much care as I possibly could to make it accurate and I have discussed the method adopted with those who are qualified to express an opinion on these

matters. I think I may say that every care has been taken to eliminate figures which ought to be eliminated from such a calculation, and I feel that the result may be accepted as a fairly correct one. On the basis of this calculation, then, excluding Opium receipts, our revenue may be taken to be capable of growing, taking good and bad years alike, at an average rate of about 1½ per cent. a year. It therefore follows that any increase of expenditure for normal purposes, *i.e.*, exclusive of any special expenditure that may have to be incurred for special objects, must keep well within this average rate of 1½ per cent. per year. I trust the Council will keep these two facts in mind, and now follow me in reviewing the growth of expenditure during the 35 years, or rather 33 years, following 1875. I think it best to take 1908-09 as the last year of the period, first, because up to that year the growth of expenditure went on practically unchecked, and secondly, because complete figures are available to the general public only up to that year. This period of 33 years divides itself into four smaller periods of more or less equal duration—the first of 9 years from 1875 to 1884, the second of 10 years from 1884 to 1894, the third of 7 years from 1894 to 1901, and the fourth of 7 years from 1901-02 to 1908-09. Now, my Lord, for purposes of a fair comparison, it is necessary to reduce the figures for the years selected to what may be called a common denominator, all extraordinary items being eliminated from either side. Thus, if the rates of exchange for any two years which are compared, are different, due allowance must be made for that. If there has been either enhancement or remission of taxation in the interval, if new territory has been included or old territory excluded, if certain old heads of accounts have been left out or reclassified, allowance must be made for all these. I assure the Council that I have made such allowance to the best of my ability in the comparison which I am about to institute. Thus, in the first period, there was first increased taxation during Lord Lytton's time and then there was a remission of taxation during Lord Ripon's time, and I have made due allowance for both these circumstances. Then the rate of Exchange even in those days was not steady. It was about

1*s.* 9·6*d.* to the rupee in 1875 and about 1*s.* 7·3*d.* in 1884, and allowance has been made for that. Well, having made these allowances, what do you find? We find putting aside all extraordinary expenditure due to famines and war, that during this period of 9 years, our total Civil and Military expenditure rose by about 6 per cent. which means an annual increase of about two-thirds per cent. per year, against an annual growth of revenue of about 1¼ per cent. The rate of normal increase of revenue was thus considerably in excess of the rate of growth of expenditure, and it was this fact which enabled Lord Ripon's Administration to remit taxation. The total increase under Civil and Military during this period was about two-and-a-half crores a year. That is the first period.

The second period of 10 years is the most difficult period to deal with, because there is hardly anything in common between the first year and the last year. It was a period of great military activity in view of certain eventualities that were expected on the North-West Frontier, and it synchronized with a steady fall in Exchange and a steady diminution of Opium revenue. The result was that there were continuous additions to the taxation of the country. In considering the expenditure of this period, we have to make allowance for four disturbing factors. In the first place, an addition was made in 1885 of 30,000 troops—10,000 European and 20,000 Indians—to the Army. Secondly, in 1886, Upper Burma was annexed. Then Exchange fell continuously between 1885 and 1894 from 1*s.* 7·3*d.* to 1*s.* 1·1*d.* to the rupee, the latter being the lowest point Exchange ever reached. And lastly, Exchange Compensation Allowance was granted to all European officials towards the end of this period, costing over a crore-and-a-quarter of rupees or nearly a million sterling. All this necessitated continuous additions to the taxation of the country—during 8 out of the 10 years, something or other being put on. These four factors make it extremely difficult to compare the starting year with the closing year of this period, but a certain general view, roughly correct, may be presented. It will be found that during this

period the Civil and Military expenditure of this country rose by about 14 crores. Out of this 14 crores, however, about 7¾ crores was specially provided for by extra taxation, so that the normal growth of charges during this period was about 6¼ crores. On the other hand, the revenue during this time increased by about 12 crores, of which about 6 crores was from new taxes; and economies were effected to the extent of about 2 crores by suspending the Famine Insurance Grant and in other ways, and thus the two ends were made to meet. The result, during the second period, putting aside all special expenditure for which special taxation was imposed upon the country, was that we had a normal growth of administrative charges for the Army and the Civil administration of about 6¼ crores. This works out at a total increase of about 14½ per cent. in 10 years, or an average increase of 1½ per cent. per annum, against a normal growth of revenue from the old resources of a little under 1½ per cent. a year.

I now come to the third period. In this period the disturbing elements were not so numerous, the only factor of that character being Exchange. At the beginning of the period, Exchange was as low as 1*s.* 1-*d.*, but rose steadily to 1*s.* 4*d.* in 1899, at which figure it stood practically steady for the three closing years of the period. And but for the fact that three of the biggest famines of the last century occurred during this period, as also for the fact that there was war on the frontier at the commencement, the finances of this period would have given a much more satisfactory account than they did. As things were, however, the Railway Revenue had already begun to expand. Opium too had begun to recover, and that extraordinary expansion of general revenues, which was witnessed from 1898 to 1908, had also commenced. The last three years of this period thus belong to a period of extraordinary expansion of revenue on all sides, and in addition to this, under Exchange alone, the Government saved in 1899 nearly 5 crores of rupees on the remittances to England, judged by the standard of 1894. These expanding resources naturally led to increased expenditure, and what stimulated the growth of charges even more than

that was that we had during this period of three years of Lord Curzon's administration—the first three years of his administration. As a result of all this, expenditure grew at a greater pace towards the close of this period than during the previous period; but even so, we find that it was kept well under control. During these seven years, there was an increase of about 6 crores in the expenditure of the country, Civil and Military, which works out at about 11 per cent. or 1½ per cent. per annum—the Civil expenditure rising by about 14 per cent. in the 7 years or at the rate of 2 per cent. a year and the Army estimates rising by about 6½ per cent. or at a little under 1 per cent. per annum. For purposes of this comparison I have reduced the cost of Exchange for the first year to the level of what it would have been, if Exchange had then been 1*s.* 4*d.* instead of 1*s.* 1·1*d.* to the rupee.

Let us now turn to the last period. The period, like the third, was one of seven years, but it was a period of what was described in this Council last year as a period of 'Efficiency with a big E.' There was a hot pursuit of efficiency in every direction, leading to increased establishments, creation of new appointments, and increases in the scales of pay and promotion and pensions of the European services of the country. As a result what do we find? An increase of expenditure allround which is perfectly astonishing. The disturbing factors during this period were:—(1) the Accounts for Berar were included, (2) the bulk of the Local Funds Accounts were excluded, (5) there were remissions of taxation, and (4) the charges for Military-Marine were transferred from Civil works to Military. Making allowances for all these factors, we find that during these seven years, 1901-02 to 1907-08, the total normal growth of charges, Civil and Military, came to no less than 18 crores! This gives us an increase of about 33 per cent. in seven years, or about 5 per cent. per annum! On the other hand, the expansion of revenue, which in itself was most exceptional, was, making all necessary allowances, about 2 per cent. per annum. We thus come to this:—We had an increase of about 2½ crores during the first

nine years; we had about 6 crores during the next ten years; again about 6 crores during the next seven years; and we had an increase of not less than 18 crores during the last seven years! Taking the percentages, again, we find that the normal growth of charges per annum in the first period was about two-thirds per cent.; it ranged between 1¼ and 1½ per cent. during the second and third periods; while it was nearly 5 per cent. during the last period! Taking Civil and Military separately, it was 40 per cent. for seven years or nearly 6 per cent. per annum for the Civil, and about 20 per cent., or an annual average growth of 3 per cent. for the Military!

My Lord, I think it should only be necessary to mention these figures to establish the importance and necessity of an inquiry into the growth of charges during recent years. It will probably be said that this extraordinary increase is accounted for to a great extent by increased expenditure in several useful directions. I admit at once that the Government have found additional money for several desirable objects during this period. But what is the amount so found? The total growth of Civil charges during this period was 13 crores. Out of these 13 crores, a sum of about 3 crores represents roughly the additional expenditure on Police, Education, and grants to Local Bodies. About a million has been added to the expenditure on the Police, with what results it is too early yet to say. I, for one, am not satisfied that the growth of expenditure in this direction has been all good, but I will take it for the moment that the increased expenditure will give us a more improved Police service. Next we find that under Education there has been an increase of about half a million or 75 lakhs, including the sums provided for Agricultural Education and Technical Education. Finally, a little over half a million—nearly two-thirds of a million—represents the grants made to Municipalities and Local Boards for Sanitation, Education and other purposes. Thus, roughly speaking, the additional expenditure on these objects come to a little over 3 crores or 2 millions sterling, leaving still an increase of about 10 crores to be explained.

My Lord, I may mention, if the Council will permit me, that it is not only now that I am complaining of this extraordinary rise in charges. As far back as five years ago, when we were in the midst of this period and when charges were still going up by leaps and bounds in every direction, I ventured to make a complaint on this subject in the Council. If the Council will pardon me for quoting from myself, I would like to read a few lines from what I then said. Speaking in the Budget Debate of 1906-07, I ventured to observe:—

> The surpluses of the last few years—rendered possible by the artificial enhancement of the value of the rupee, and realised, first by maintaining taxation at a higher level than was necessary in view of the appreciated rupee, and secondly, by a systematic under-estimating of revenue and over-estimating of expenditure—have produced their inevitable effect on the expenditure of the country. With such a plethora of money in the Exchequer of the State, the level of expenditure was bound to be pushed up in all directions. Economy came to be a despised word and increased establishments and revised scales of pay and pension for the European officials became the order of the day. Some remissions of taxation were no doubt tardily granted, but the evil of an uncontrolled growth of expenditure in all directions in the name of increased efficiency was not checked, and the legacy must now remain with us. The saddest part of the whole thing is that in spite of this superabundance of money in the Exchequer and the resultant growth of administrative expenditure, the most pressing needs of the country in regard to the moral and material advancement of the people have continued for the most part unattended to and no advantage of the financial position has been taken to inaugurate comprehensive schemes of State action for improving the condition of the masses. Such State action is, in my humble opinion, the first duty now resting on the Government of India, and it will need all the money—recurring and non-recurring—that the Hon'ble Member can find for it.

That this complaint was admitted in its substance to be just by the Government, or rather by the representative of the Government in the Finance Department, will be seen from certain very striking observations made the following year by His Honour Sir Edward Baker, who was then our Finance Minister. Speaking in the Budget Debate of 1907-08 about a proposal that there should be a further increase in the salaries of certain officers, he protested that he regarded that proposal 'with astonishment,

and something like dismay'; and then he proceeded to say:—

> I have now been connected with the Finance Department of the Government of India for five years continuously, and during the whole of that period I do not believe that a single day has passed on which I have not been called upon officially to assent to an increase of pay of some appointment or group of appointments, to the reorganisation of some Department, or to an augmentation of their numbers. All experience proves that wherever revision is needed, either of strength or emoluments, the Local Governments and the Heads of Departments are only too ready in bringing it forward. Nor are the members of the various Services at all backward in urging their own claims. I cannot in the least recognise the necessity for imparting an additional stimulus to this process.

It will thus be seen that there has been a great deal of expenditure incurred during the last few years of a permanent character, which was rendered possible only by the fact that Government had large surpluses at its disposal. In view of this, and in view of the great deterioration that has since taken place in the financial position, I think it is incumbent now on the Government to review the whole situation once again. My Lord, this was the course which Lord Dufferin adopted in his time, though the growth of charges then was nothing like what it has been during the last decade. When Lord Dufferin became Viceroy, he decided to increase the Army in this country and for that purpose wanted more money. And so he appointed a Finance Committee to inquire into the growth of expenditure that had taken place just before his time, so as to find out what saving could be effected. The Resolution, appointing that Committee, is a document worth the perusal of the present Government of India. It speaks of the growth of Civil expenditure that had taken place during the preceding five years as 'very large,' though, as I have already pointed out, the increase was only at an average rate of about $\frac{2}{3}$ per cent. per annum between 1875 and 1884, or taking the charges for Collection of Revenue and the Salaries and Expenses of Civil Departments only, it was about $1\frac{1}{2}$ per cent.—the increase under two heads being higher than under other heads. If that rate of increase was, in Lord Dufferin's opinion, 'too large,' I wonder what expression he would have used

to describe the pace at which expenditure has grown during the last decade!

My Lord, I now come to the form of the enquiry which I propose. I propose, in the first place, that the enquiry should be a public enquiry, and I propose, secondly, that it should be by a mixed body of officials and non-officials. As I have already observed, the language employed by the Hon'ble the Finance Member last year in this connection had led me to hope that Government would of their own accord order such an inquiry into the matter. In Simla last August, however, when I asked the Hon'ble Member a question in Council, he said that what he had meant was a Departmental inquiry only. Now, my Lord, the position is so serious that a mere Departmental inquiry will not do. In support of this view, I may quote my Hon'ble friend himself. He said last year that the question of economy did not rest with his Department alone; it rested with the Government of India as a whole. He also said that if economy was to be enforced, public opinion, both in this country and in England, would have to enlist itself on the side of economy. Now the only way to enlist public opinion on that side is by holding a public enquiry into the growth of charges, as was done by Lord Dufferin, so that the people might know how the charges have been growing and where we now stand. My Lord, I do not want a mere Departmental inquiry at the head-quarters of Government. An inquiry at Simla or Calcutta will only be a statistical inquiry. What we want is a Committee, somewhat on the lines of Lord Dufferin's Committee, with one or two non-officials added, going round the country, taking evidence, finding out from the Heads of Departments what possible establishments could be curtailed, and making recommendations with that care and weight and deliberation, generally associated with public inquiries. I urge such an inquiry, because, governed as India at present is, public inquiries from time to time into the growth of expenditure are the only possible safeguard for ensuring an economical administration of our finances. Under the East India Company, the situation was in some respects stronger in such matters. The

Imperial Government, which now finds it easy to throw on India charges which should not be thrown on India, was in those days resisted by the Company, whenever it sought to impose such charges. On the other hand, Parliament exercised a jealous watchfulness in regard to the affairs of the Company, and every 20 years there used to be a periodical inquiry, with the result that everything was carefully overhauled; and that tended largely to keep things under control. With the transfer of the Government of this country from the Company to the Crown, things have been greatly changed. All power is now lodged in the hands of the Secretary of State, who, as a Member of the Cabinet, has a standing majority behind him in the House of Commons. This means that the control of Parliament over Indian expenditure, though it exists in theory, is in practice purely nominal. In these circumstances, the importance and the value of periodical public inquiries into our financial administration should be obvious to all. There have been three such inquiries since the transfer of the Government from the Company to the Crown. The first was by a Parliamentary Committee in the seventies. The Committee which sat for nearly four years, took most valuable evidence. Unfortunately Parliament broke up in 1874, before the Committee had finished its labours, and the Committee dissolved with the dissolution of Parliament. The second inquiry was by the Committee appointed by Lord Dufferin in 1886–87, and ten years after, in 1897, a third inquiry was ordered, this time by a Royal Commission presided over by Lord Welby. Fourteen years have elapsed since then, and I think it is due to the country that another Committee or Commission of Inquiry should now be appointed to inquire in a public manner into the growth of charges and find out what economies and reductions are possible and how the level of ordinary expenditure may be kept down. And this inquiry must not be in London or at Simla or Calcutta. It must be by a body which will go round the country and take evidence.

My Lord, I will now state what, in my opinion, are the remedies which the situation requires. My proposals are four in number, and they are these:—In the first

place, what Mr. Gladstone used to call the spirit of expenditure, which has been abroad in this country for a great many years, and especially, during the seven years between 1901-02 to 1908-09, should now be chained and controlled, and, in its place, the spirit of economy should be installed. If the Government would issue orders to all Departments, as Lord Dufferin did, to enforce rigorous economy in every direction and to keep down the level of expenditure, especially avoidable expenditure, I think a good deal might be done. Lord Dufferin's Government wanted money for military preparations. I earnestly hope that Your Lordship's Government will want to find money for extending education in all directions. In any case, the need for strict economy is there, and I trust that Government will issue instructions to all their Departments to keep down administrative charges as far as possible. That is my first suggestion. In this connection I may add this. Care must now be taken never again to allow the normal rate of growth of expenditure to go beyond the normal rate of growth of revenue. Indeed, it must be kept well within the limits of the latter, if we are not to disregard the ordinary requirements of solvent finance. If special expenditure is wanted for purposes, as may happen in the case of an invasion or similar trouble, special taxation must be imposed, and we shall be prepared to face the situation and support the Government in doing so. But in ordinary circumstances, the normal rate of growth of expenditure must not exceed and should be well within the normal rate of growth of revenue.

My second suggestion is that the Military expenditure should now be substantially reduced. My Lord, this is a somewhat difficult question, and I trust the Council will bear with me while I place a few facts on this subject before it. Our Military expenditure, which, till 1885, was at a level of about 16 crores a year, now stands at well over 31 crores. The strength of the Army was first determined by a Commission which was appointed after the Mutiny, in 1859, and that strength—roughly sixty thousand Europeans and one hundred and twenty thousand Indians—continued to be the strength of the

Army till 1885. On many occasions during that interval those who were responsible for the Military Administration of the country pressed for an increase in the number of troops, but without success. In 1885, 30,000 troops—ten thousand European and twenty thousand Indian—were added. The number has been slightly increased since, and we have at present about 75,000 European troops and double that number of Indian troops. Now, my Lord, my first contention is that the country cannot afford such a large army, and in view of the great improvement, which has taken place in mid-Asian politics, it should now be substantially reduced. Not only responsible critics of Government but many of those who have taken part in the Administration of India and who are or were in a position to express an authoritative opinion on the subject have publicly stated that the strength of the Indian Army is in excess of strictly Indian requirements. Thus General Brackenbury, who was a Military Member of this Council at one time, stated in 1897, in his evidence before the Royal Commission on Indian Expenditure, that the strength of the Indian army was in excess of Indian requirements, and that part of it was intended to be a reserve for the whole Empire in the East. I may also point out that the Army Commission of 1879, of which Lord Roberts was a member, held that the then strength of the Indian army—60,000 English troops and 120,000 Indian troops—was sufficient for all requirements—sufficient to resist Russian aggression, not only if Russia acted alone, but even with Afghanistan as her ally. Then, my Lord, when the South African war broke out, a substantial number of troops was sent out of this country for service in South Africa, at a time when the situation should have been regarded as anxious for India. A part was also sent to China about the same time, and yet things went on here as well as ever. All these things show that the strength of the Indian army, as it exists to-day, is really in excess of Indian requirements. It may be said that this is a matter of military efficiency, on which non-official members are not qualified to express an opinion. If I were venturing an opinion on the technical details of Military Administration, I should blame myself for my presumption; but this

is a matter of policy, which, I venture to think, all laymen —even Indian laymen—are qualified to understand, and on which they are perfectly entitled to express an opinion. Any one can see that the situation in mid-Asia and on the Frontiers of India has undergone a profound change. And, in view of this change, I think it is due to the people of this country, who have borne this enormous military burden for a number of years, that some relief should now be granted to them, and thereby funds set free to be devoted to more useful and more pressing objects. My Lord, military efficiency, as Lord Salisbury once pointed out, must always be relative. It must depend not only on what the Military authorities think to be necessary, but on a combined consideration of the needs of defence and the resources which the country can afford for the purposes of such defence. Judged by this standard, I think that our Military expenditure is unduly high; and I therefore respectfully urge that a part of this expenditure should now be reduced by reducing the troops to the number at which they stood in 1885.

My Lord, my third suggestion is that there should now be a more extended employment of the indigenous Indian agency in the public service. In this connection I am free to recognise the necessity of paying as a rule the Indian at a lower rate of payment than the Englishman who holds the same office. I think this is part of our case. If we insist on Indians being paid at the same rate as Englishmen we cut away a large part of the ground from under our feet. Except in regard to those offices, with which a special dignity is associated, such, for instance, as Memberships of Executive Councils, High Court Judgeships and so forth, where of course there must be strict quality, even as regards pay, between the Indian and the Englishman, there must, I think, be differential rates of payment for the Indian and European members of the Public Service. What is however necessary is that care must be taken not to make such distinctions galling. Instead of the present division into Provincial and Imperial services, or instead of laying down that Indian should be given two-thirds of what the Englishman gets, I would provide a fixed salary for each

office, and I would further provide that if the holder of the office happens to be an Englishman, an extra allowance should be paid to him, because he has to send his wife and children to England, and he has often to go there himself. These have to be recognised as the exigencies of the present situation and they must be faced in the proper spirit. I should, therefore, have a fixed salary for each office; and I would then throw it equally open to all, who possess the necessary qualifications, subject to the condition already mentioned, that an English holder of it should get an extra allowance for meeting extra expenses. Then, when you have to make an appointment, you will have this before you. An Indian—pay, say, Rs. 500 a month—an Englishman pay Rs. 500 *plus* an allowance, say of Rs. 166. If you then are really anxious for economy, you will have to take the Indian, other things being equal.

My fourth and last suggestion is this—that provision should now be made for an independent Audit in this country. My Lord, this is a matter of very great importance and it has a history of its own. In the eighties there was some very earnest discussion on this subject between the Government of India and the Secretary of State. The first proposal on the subject, curiously enough, went from the Government of India themselves; that was when Lord Cromer—Sir E. Baring, as he then was—was Finance Minister of India, and Lord Ripon, Viceroy. In a despatch, addressed by the Government of India to the Secretary of State in 1882, the Government urged that a system of independent Audit should be introduced into India. The whole of that despatch is well worth a careful study. After a brief review of the systems of Audit in different European countries, which the Government of India specially examined, they state in clear terms that they have come to the conclusion that the system of Audit in this country by officers who are subordinate to the Government is not satisfactory and must be altered. And they insist on two things:—First, that the officer, who was then known as Comptroller General, or as he is now called, Comptroller and Auditor-General, should be entirely independent of the Government of India, that he should look

forward to no promotion at the hands of the Government of India, and that he should be removable only with the sanction of the Secretary of State in Council, and secondly, that his position, as regards salary, should be as high as that of the Financial Secretary, and that he should reach that position automatically by annual increments after twenty years' service. The Secretary of State of that time, however, under the advice of his Council which, as a rule, is averse to change or reform, declined to sanction the proposal. He considered that it was not suited to India, that it was not really necessary, and that it would cost a good deal! Curiously enough, however, five or six years afterwards, the same proposal was revived by the Secretary of State for India himself. Lord Cross was then Secretary of State and the despatch in which he reopens and discusses this question is also worth a careful perusal. Like the Government of India of 1882, he too dwells on the unsatisfactory character of the Indian Audit, especially owing to the fact of the Head of the Audit Department being a subordinate of the Government of India, and points out how necessary it is that this officer should be independent of the Indian Government. The proposal was, however, this time resisted by the Government of India, Lord Lansdowne being then Viceroy, and it again fell through. Now, my Lord, I respectfully urge that the question should be taken up once again and the Auditor-General made absolutely independent of the Government of India. In England, the Auditor-General submits an annual report on all irregularities, which have come under his notice, to the House of Commons, and the House refers it to a Committee, known as the Committee of Public Accounts, which then subjects the officials concerned to a searching and rigorous examination. As our Council does not yet vote supplies, it will, I recognize, be necessary in the present circumstances that our Auditor-General's Report should be submitted to the Secretary of State for India, who is the final authority in financial matters. But the Report should be made public, being laid before Parliament every year and being also published in India. Then our criticism of the financial administration will be really well-informed and effective. At present

non-official members can offer only general remarks for the simple reason that they are not in a position to know anything about the details of financial administration. This will be altered, if they obtain the assistance of an annual report from an independent Auditor-General.

My Lord, I have done. I want this inquiry to be undertaken for four reasons. In the first place, this phenomenal increase in expenditure demands an investigation on its own account. Economy is necessary in every country, but more than anywhere else is it necessary in India. Certain observations, which were made by Lord Mayo 40 years ago on this point, may well be recalled even at this distance of time. In speaking of the Army expenditure, he said in effect that even a single shilling taken from the people of India and spent unnecessarily on the Army was a crime against the people, who needed it for their moral and material development. Secondly, my Lord, expenditure must be strictly and rigorously kept down now, because we are at a serious juncture in the history of our finance. Our Opium revenue is threatened with extinction. Thirdly, I think we are on the eve of a large measure of financial decentralisation to Provincial Governments, and it seems certain that those Governments will be given larger powers over their own finances. If, however, this is to be done, there must first of all be a careful inquiry into the present level of their expenditure. That level must be reduced to what is fair and reasonable before they are started on their new career. Last, but not least, we are now entertaining the hope that we are now on the eve of a great expansion of educational effort—primary, technical and agricultural, in fact, in all directions. My Lord, I am expressing only the feeling of my countrymen throughout India when I say that we are earnestly looking forward to the next five years as a period of striking educational advance for this country. Now, if this advance is to be effected, very large funds will be required, and it is necessary that the Government of India should, first of all, examine their own position and find out what proportion of their present revenues can be spared for the purpose. My Lord, these objects—

education, sanitation, relief of agricultural indebtedness—are of such paramount importance to the country that I, for one, shall not shrink from advocating additional taxation to meet their demands, if that is found to be necessary. But before such additional taxation can be proposed by Government, or can be supported by non-official members, it is necessary to find out what margin can be provided out of existing resources. This is a duty which the Government owes to the country; and the representatives of the taxpayers in this Council owe it to those, in whose behalf they are here, to urge this upon the Government. It is on this account that I have raised this question before the Council to-day, and I earnestly trust the Government will consider my proposals in the spirit in which they have been brought forward. My Lord, I move the Resolution which stands in my name.

[*By way of reply to the criticisms offered, in the course of the discussion on the above resolution, Mr. Gokhale spoke as follows*:—]

The Hon'ble Mr. Gokhale:—My Lord, I must crave Your Lordship's indulgence a second time, because I think I ought to reply to some of the criticisms, which have been offered, before this discussion is brought to a close.

I must begin with my Hon'ble friend Mr. Meston, whose remarks I am almost sorry to criticise in view of the extremely generous reference that he has been so kind as to make to myself. But, my Lord, I must say at once that I am not convinced by what the Hon'ble Member has said, and I am not quite sure how far the Hon'ble Member himself is convinced. I have a shrewd suspicion, my Lord, that if I could have access to some of the notes which my Hon'ble friend, as Financial Secretary, must have been writing from time to time during the last few years, I think I could make a much stronger case in favour of this Resolution than I have been able to do to-day. My Hon'ble friend began by saying that, if expenditure in this country has doubled itself in 35 years, the same thing has happened in other countries. I had

almost anticipated this argument, and I therefore carefully avoided comparing the expenditure of this time with the expenditure of 35 years ago. What I did was that I divided the period into four smaller periods and took each time one of these, so that the years compared should not be separated by too long an interval. In the first place, therefore, my Hon'ble friend must treat the expenditure of other countries in the same way before the analogy can apply. Moreover, let him not forget that this analogy from foreign countries can cut both ways. I am quite willing that this country should provide for a standard of expenditure, such as obtains in other countries, if the Government of India will accept for itself all the responsibilities and all standards of administration that the Governments of other countries have accepted. Let the Government, for instance, to mention only one instance, give us free, universal primary education in this country, and then it will be time for us to consider how our expenditure compares with that of other countries. My Hon'ble friend prefers to take the year 1898, as the starting year for his comparison, to the year 1901-02. I too had thought at one time of taking 1898-99, for the simple reason that that was the commencement of Lord Curzon's administration; but I found afterwards that the year was unsuitable, though it would really have been more favourable for my purpose. I wanted scrupulously to avoid anything that was unfair, and I saw that that year would not do, because it was midway between two great famines, the famine of 1897-98 and the famine of 1899-1900, and the revenue in that year therefore was larger on account of the arrears that were collected from the previous famine. Moreover, as both 1899-1900 and 1900-01 were years of extensive famines, the level of expenditure had no opportunity during those years to rise as it would otherwise have done. As regards my friend's explanation of the increase, the amount of which he admits, I really do not know how to describe it. The explanation comes to this:—I had said that there had been an increase of 9 millions; 'Yes,' says the Hon'ble Member, 'there has been that increase; but it is made up of so much more spent under this head, so much under

that head, and so on, the total coming to 9 millions'! Now, this would have been a good answer, if I had said that I did not know how or where to find the items, of which these 9 millions were made up. If, for instance, I had said that somebody had walked away with our 9 millions a year, this explanation would have been perfectly sound. Surely the details, which he has given, could have been put together by any one of us from the financial returns of the Government; or if I had experienced any difficulty in that, I could have drawn on the ample courtesy of my Hon'ble friend, on which, as a matter of fact, he has permitted me to draw so liberally during the last few days. To the real question which I have raised, the Hon'ble Member has attempted practically no answer. I will refer only to two items to illustrate the way in which he has been compelled to argue in this matter. The Hon'ble Member says that establishments have been largely increased during the last few years; now that is exactly my complaint. What the Hon'ble Member should have told the Council is—should they have been so increased? He has, however, nothing to say on that point. Again, take the increase under Stationery. The Hon'ble Member's explanation is—'I suppose we have been writing much more than we used to do.' Now, in the first place, I am not so sure about that. If the officials have been really writing much more than they used to do, then they have been disobeying the orders of the Government of India; for one of the orders issued by Lord Curzon during his time was that official writing should be curtailed; and he even took great credit to himself on a subsequent occasion for having reduced the voluminous mass of official writing. But apart from that, last year, when I raised this very question of increased expenditure on Stationery, my Hon'ble friend Mr. Robertson, who was then in charge of the Department of Commerce and Industry, admitted that there had been a great increase during the last twelve years, the increase amounting to no less than 60 per cent. in 12 years! And he assured the Council that his Department had been making inquiries and he hoped to make substantial reductions. Not a word of this, however, have we heard from Mr. Meston to-day. The last

point which I would like to notice in the Hon'ble Member's remarks is about remission of taxation. My Hon'ble friend says that while expenditure has increased a good deal during the last 8 or 9 years, there has also been a remission of taxation of about four millions. Now, my Lord, no one denies this, and I admitted it myself in my first speech. But when the fact is used to convey the idea that the taxpayers have no ground to complain of the increased expenditure, the statement is not quite fair. There has undoubtedly been this remission of taxation, but I want the Council to remember that it was no more than was in common fairness due to the people of this country on account of the savings that the Government effected in the charges on their Home remittances. During the previous ten years, there had been successive additions to the taxation of the country, amounting to about 4½ millions, owing mainly to the continuous fall in exchange. When, therefore, exchange again rose to and steadied itself at Is. 4d., the Government were bound to return to the people the 3½ millions, saved on their remittance charges, and this was practically all that the Government did by their remission of taxation, on which the Hon'ble Member has laid so much stress.

I will next turn to the speech of the Hon'ble Mr. Brunyate. I really have no quarrel with the Hon'ble Member's statement of the case, as he has placed it before the Council. His argument briefly amounts to this. The country is getting good value for its money. Now I do not dispute that. I feel I am not qualified myself to express an opinion on that subject. Moreover, I recognise that for seven years we had one of the greatest soldiers of our time at the head of the Indian Army and he was specially well-known for his economical administration. It is true that there are those who do not quite accept this view; but that is a matter which must be left to military experts. My question was solely about policy. After the profound change that has taken place in Central Asian and Frontier affairs, is it fair, is it just to the people of the country that the military expenditure should still continue on the same high scale on which it has been incurred all

these years? For thirty years and more, our military expenditure has been dominated by the fear that Russia was drawing nearer and nearer to this country. My Hon'ble friend, Mr. Haque, has referred to the Anglo-Russian Convention in the framing of which, as he has reminded the Council, Your Excellency had such a great part. If the Anglo-Russian Convention is a reality, I think we are entitled to the benefit of it, and the only way in which this benefit can be brought home to us is by relieving us of a part of the burden that we have borne for so many years, in order that funds may be set free to spend on primary and technical education and such other objects. In this connection I would like to quote certain observations of Lord Mayo, made 40 years ago. In a celebrated minute, which has been published, Lord Mayo wrote as follows:—

> Though the financial necessities of the hour have brought more prominently to our view the enormous cost of our Army (163 crores) as compared with the available resources of the country, I cannot, describe fiscal difficulty as the main reason for the course we have taken. I consider that, if our condition in this respect was most prosperous, we should still not be justified in spending *one shilling more* on our Army than can be shown to be absolutely and imperatively necessary. There are considerations of a far higher nature involved in this matter that the annual exigencies of finance or the interests of those who are employed in the military service of the Crown. Every shilling that is taken for unnecessary military expenditure is so much withdrawn from those vast sums which it is our duty to spend for the moral and material improvement of the people.

My Lord, this is as true to-day as it was 40 years ago, and I earnestly trust that something will be done to reduce our present overgrown military expenditure.

I will now say a word in regard to the speech made by the Hon'ble Mr. Madge. I am glad to have his support, even though he offers it in his own way. But one or two things in what he said I must notice. He seemed to imagine that I had given up my criticism of Railway expenditure of last year. Nothing of the kind. I did not bring it up again to-day, because I took the Commercial Services net for purposes of my comparison. My objection last year was not to the construction of railways out of capital, but to the percentage of working charges going up by leaps and

bounds without any satisfactory reason. Last year, my Hon'ble friend, Sir T. Wynne, gave the Council a somewhat lengthy explanation; but I am not sure that it satisfied the Council. I understand, however, that the working expenses are being kept down this year. I sincerely hope that this is true. In any case we shall know it soon, when the Financial Statement is presented. Mr. Madge has told the Council that, in his opinion, not a single European soldier in this country can be reduced. This emphatic observation was preceded by the statement that laymen ought not to be dogmatical in these matters. If only the Hon'ble Member had remembered his own counsel, we should have been spared a proposition so extreme as that which came from him. My friend spoke of the recent riots and of troops being requisitioned for service on the occasion. My Lord, it is difficult to take an argument like that seriously. If unfortunately, there was real internal trouble in the country on a large scale, would an Army of sixty to seventy thousand troops suffice to quell it? The Army from that point of view, is either too small or too large. The policy of the Government is to govern the country with the confidence and the attachment of the people. In that view of things, I think it is most unfair that these occasional riots should be brought forward as an argument for maintaining the Army on its present scale. Lastly, the Hon'ble Member has expressed the view that the system of independent audit that I proposed was unnecessary. Well, in this he and I differ which is a small matter. But he should realize that he also differs from some of the greatest statesmen of England, Germany, France and Austria. If he likes that singular distinction, I have no quarrel with him.

My Lord, I now come to the extraordinary speech of the Hon'ble Mr. Gates. For easy confidence that everything is for the best in this best of lands and for the polite suggestion that those who demand an inquiry into how Government spend the money, raised from the taxpayers, are guilty more or less of something approaching presumption, I think that speech would be hard to beat. However, the Hon'ble Member himself has supplied to the

Council a part of the explanation of that speech. He has told us that he comes from Burma! But, my Lord, whatever may be thought of the rest of his speech, I do not think there was any excuse for the Hon'ble Member misunderstanding me on one point. I never asked for a Commission like the Welby Commission. It is true that I mentioned it along with other bodies that have inquired into the administration of Indian finances from time to time, but I distinctly stated that I wanted an inquiry, not by a body sitting at Simla or Calcutta, or in London, but by a Committee that could go round the country, like the Finance Committee of Lord Dufferin. And Lord Dufferin's Committee was the one Committee which really did achieve solid results. That Committee went all over the country, took valuable evidence and submitted within three years its recommendations, calculated to effect a saving of about 60 lakhs, and most of the recommendations were carried out. It is a Committee of that kind, with one or two non-officials put on it, that I want. My Lord, it is quite true that if the Government do not want to enforce economies, the Committee will not achieve anything. Lord Curzon once said in this Council: 'There are inquiries and inquiries; there are inquiries to shelve and inquiries to solve.' If the Government wish to shelve this problem, they will deal with it in one way. If, however, they want to find a solution for it, they will deal with it in another way. What the Committee does or does not do, will depend upon the keenness or otherwise of the Government in the matter. Then the Hon'ble Member asked why it was necessary to refer the question of an independent audit to a Committee of Inquiry. My Lord, I never suggested that it should be so referred. I merely mentioned it as one of the remedies that the situation required. If the Government will themselves examine the proposal and adopt it, so much the better; if the Government do not want to do this, they may refer it to the proposed Committee. Of course it is open to me, as the Hon'ble Member says, to bring this matter before the Council in the shape of a Resolution. And I certainly will do it, if it becomes necessary. But as to when I should do it, of that I must be the judge. Then

the Hon'ble Member said I had adopted an unconstitutional course in bringing this Resolution forward. My Lord, the Hon'ble Member is Financial Commissioner of his Province. I do not know what his views are of the financial relations between the Government of India and the Provincial Governments. But I think he should know that it is only in this Council that discussions of this kind can be initiated. Any matter which refers to all Provinces in common, any matter which involves considerations of policy, with which the Government of India alone can deal, can be raised only in this Council and nowhere else. Comparatively small matters, relating to particular Provinces, may be raised in the Councils of those Provinces. I will not ask if they do even that in the Burma Council. But does the Hon'ble Member imagine that questions like economy in military expenditure, questions even like civil expenditure, involving large policies, such as the wider employment of Indians, can be raised in Local Councils? These questions must be raised here, if they are to be raised anywhere at all in India. One more observation, my Lord, on Mr. Gates' speech, and I will have done with it. The Hon'ble Member spoke of the bloated budget of Bombay, and he suggested that we should look for economies there and not trouble other Provinces. My Lord, if the budget of Bombay is a bloated budget, in any case we pay every penny of it ourselves. We have not lived on other Provinces or on the Government of India for nearly 20 years as Upper Burma has done. When Upper Burma refunds to the Government of India all that it has drawn from other Provinces, it will be time for it to speak of the bloated budgets of other Provinces.

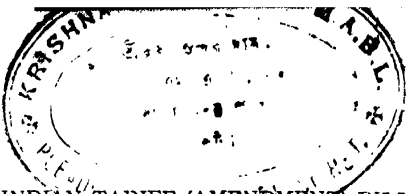
My Lord, I now come to the last speech, which of course was not the least—that of the Hon'ble Sir Guy Fleetwood Wilson. I am grateful to my Hon'ble friend for the courtesy of his remarks and on the whole for the very friendly tone of his speech. If it had been only the courteous and friendly tone, my satisfaction would not have been so real. When the Hon'ble Member adopts a specially friendly attitude or a specially conciliatory tone, I don't mind confessing that I grow somewhat suspicious. That

was my experience last year; while he was giving us verbal sympathy without stint, he was putting on the country tax after tax. However, in consideration of the definite assurance he has given to-day and in deference to what has fallen from him towards the close of his speech, I am quite willing to withdraw this Resolution for this year. I withdraw it for this one year only, because by this time next year we shall be in a position to see how far the Hon'ble Member has been able to carry out what he has practically undertaken to do. And I do this all the more readily because the Hon'ble Member has laid stress on one circumstance, to which it is necessary to attach special weight, and that is the fact that Your Excellency has just assumed the reins of office, and that it is only fair that you should have time to look into this question for yourself. The Hon'ble Member has drawn the attention of the Council to the fact that Your Excellency, if I may repeat what he said without impertinence, has a great reputation for economic administration, and the Council may well leave this matter in Your Excellency's hands for the present. On one point, however, I must express my dissent from the Hon'ble Member. I do not agree with him as regards the undesirability of the machinery which I have suggested—the machinery of a public inquiry. I think public inquiries from time to time serve a special purpose of their own. Apart from the economies, that may actually be effected as a result of such inquiries, every department is put on its defence, and that in itself is something to achieve. The fact that there is going to be an enquiry, so to say, shakes every department and makes it put its house in order, and that, to my mind, is no small advantage in such matters.

As regards audit, my Hon'ble friend's remarks were highly encouraging. I hope that he means even more than he says, and that it is his official position and his responsibility that have made him use that cautious language. One observation of the Hon'ble Member in this connection, however, calls for a brief comment. I think I caught a suggestion of the argument in his speech that there is a good deal of difference between the condition of

India and the condition of Western countries, and that, therefore, what has answered very well there may not answer equally well here. I quite admit that; at the same time it should not be forgotten that this view, that an independent audit would do good to India was the view taken successively by the Government of India and by the Secretary of State. The Welby Commission went into this question carefully. It was not able to make a unanimous recommendation, because the Commission was equally divided on the point. One section, headed by Lord Welby, strongly supported an independent audit. The other section, however, opposed it, and, among other arguments, urged that the creation of an audit officer, independent of the Government of India, would lower the prestige of the Government in the eyes of the people of this country. This, however, is an argument which I think is not worth considering. The man in the street does not understand what an audit officer is for and what are his relations with the Government of India. And those Indians who understand these things also understand why an independent officer is not created, if one is not created. Therefore the non-creation of this officer does not mean any special prestige for the Government, neither can his creation involve any loss of prestige.

My Lord, with these observations, and thanking the Hon'ble Member once again for his very friendly reply, I ask for leave to withdraw my Resolution.



INDIAN TARIFF (AMENDMENT) BILL.

[*The Council met on the 7th of March 1911. The Hon'ble Sir Guy Fleetwood Wilson moved that the Bill further to amend the Indian Tariff Act, 1894, be taken into consideration. The Hon'ble Mr. Mazhar-ul-Haque moved an amendment "that the Bill before the Council be taken into consideration this day six months." Mr. Gokhale in supporting the Hon'ble Mr. Haque made the following speech*:—]

The Hon'ble Mr. Gokhale: Mr. Vice-President, I desire to join in the protest which my Hon'ble friend Mr. Haque has entered against the course adopted by Government in proposing this reduction of tobacco duties. But before doing so, I would like to offer, if the Hon'ble the Finance Minister will let me, my warm congratulations to him on the most interesting and luminous Financial Statement that he has presented to this Council. I think students of Indian finance will readily recognise that in its exposition of financial principles the Statement is one of the most striking that has ever been laid before this Council, and so far as the far-reaching character of some of its announcements go it will probably take rank with those few which have now become of historic importance in this country. The Hon'ble Member has been half-way through his tenure of office as Finance Minister, and his last two Budgets had to be framed amidst great difficulties and were adversity Budgets. We all therefore rejoice that this time he has had to frame his Budget under more favourable circumstances, and we do so as much on his own account as in the interests of the public generally.

While, therefore, my feeling for this Budget is one of genuine satisfaction, I must say that I do not regard all the budgetary dispositions that the Hon'ble Member has made with entire satisfaction; and I believe the Hon'ble Member himself does not expect any Member to do so. One of the least satisfactory features of this Budget is this

reduction of the tobacco duties by about one-third. Last year, if I remember aright, the Hon'ble Member took great credit to himself for his disinterestedness, because he was taxing tobacco though he was a smoker himself. This year, my friend Mr. Haque has gone one better, because, though he loves the cigar very well, he stands up to resist its being cheapened, and he does not even claim credit for disinterestedness. Well, I cannot lay any claim to such disinterestedness as theirs in this matter, because I am no smoker; but my interest in the question is that of the general public, who, I think, are more interested in cheaper petroleum than in cheaper tobacco. Sir, the Hon'ble Mr. Haque has given expression to a suspicion which is widely entertained that the Government of India are not in this business a willing party. I do not know whether the suspicion is well founded: the Finance Minister will, I hope, tell us about that when he rises to reply. But one has only to compare the emphatic manner in which he insisted on raising these tobacco duties last year and the almost apologetic manner in which he has expressed himself in reducing them—and the contrast between the two is most striking—to realise that the heart of the Finance Department is not in this measure of relief. The Finance Department always loves to dwell with some degree of satisfaction on any relief in taxation which it is able to give to the public. In this case, however, the matter is barely mentioned and then sought to be stowed out of sight as if the Finance Minister would rather that the people did not notice what he has done. Sir, last year, when the Hon'ble Member enhanced these tobacco duties, he expressed himself as follows:—

> The present taxation—5 per cent. *ad valorem* on manufactured and nothing at all on unmanufactured tobacco—is ludicrously inadequate. In 1907-08 over 6 million pounds of tobacco were imported into India, and all that it paid to Government was £25,000; in England it would have paid 40 times as much. What we now propose is a set of rates which, in the case of cigarettes, is represented by Rs. 2 a lb. They may diminish imports for a time, but incidentally they may check the rapid growth of the cigarette habit, which is not without its danger to the rising generation in India.

It will be seen that a reduction in the imports was clearly foreseen by the Hon'ble Member, and the diminished imports, therefore, do not lend much support to the course that he has adopted this year. In now reducing these duties, however, this is what the Hon'ble Member says :—

> In discussing the yield of the new taxes which were imposed last year, I mentioned that we had been disappointed in our estimate for tobacco. The sudden rise in duties dislocated the import trade for a time, though it is possible that business would gradually have adapted itself to the new conditions. But we are informed that the rates which we selected have hit severely those particular forms of the tobacco industry in India which depend on an admixture of the foreign with the indigenous leaf. We are also doubtful whether our experiment has given us rates which are likely to combine the maximum of revenue with the minimum of hardship. It has been decided, therefore, to propose a reduction in the duties of about one third all round, and a Bill to give effect to this change will be introduced to-day. On the assumption that it will become law, I have raised the yield of our tobacco duties by about 5 lakhs in the Budget.

The last sentence, Sir, is really quite the most interesting in its own way. As I have already said, the Hon'ble Member had clearly foreseen the reduction in the imports : therefore that could not have come upon him as a surprise. He says, however, that by reducing these duties now it would be possible to raise a higher revenue. I have looked into the figures that have been supplied by the Hon'ble Mr. Meston to Mr. Haque, and from these figures I find that the yield of the tobacco duties this year is about 30 lakhs. Five lakhs more means 35 lakhs for next year. For the reduced duties to produce this sum, the consumption must increase by about 75 per cent. A small calculation will make that clear. The Hon'ble Member must, therefore, expect that by reducing these duties by one-third he will push up the imports by 75 per cent. Now, in the first place, he has got to explain what has become of his solicitude for the welfare of the youth of this country, as my Hon'ble friend Mr. Haque has called upon him to do; secondly, I would like to know what are the grounds on which he bases this expectation, namely, that if he reduces these duties by one-third, the imports will rise by about 75 per cent. It really looks, Sir, as

though there was something more behind, and it is very unfortunate that there should be room for such a suspicion as that. As I have already observed, I hope the Hon'ble Member will disabuse our minds of this suspicion, and if he does this no one will be better pleased than myself. But if there has really been pressure from England in this matter and the Government of India are a mere unwilling party to the reduction, I deem it my duty to protest strongly against such pressure from England. In matters involving large policies the decision must, of course, be with the Imperial Government in England; but in these smaller matters I think that the Government of India ought to be left free. Sir, in another part of his Budget Statement, the Hon'ble Member insists on the fact that in view of the threatened extinction of the Opium revenue the Government cannot afford to relinquish any part of the revenue they enjoy at present. After that emphatic statement, it is rather curious that these tobacco duties should have been selected for reduction this year. If the Hon'ble Member was in a position to afford relief to anybody, there is no doubt that the consumers of petroleum were entitled to that relief first. I find from the figures about the consumption of petroleum that the imports of foreign petroleum show a considerable diminution. Now petroleum is, as everybody knows, a necessary of life and not an article of luxury, and when the imports of petroleum go down, it means that the poorer people have undoubtedly suffered some inconvenience. If there is less tobacco smoked in the country, I do not suppose any one is any the worse for that; if people smoke inferior cigars and cigarettes, that also is a matter that concerns them alone. The foreign manufacturers are no doubt affected, but we are not concerned with them. But when the imports of petroleum are reduced, that is a serious consideration for the Finance Minister, because that means that the mass of the people are being subjected to a great deal of unnecessary hardship. I find, Sir, that the quantity of petroleum consumed during the year previous to the enhanced duty was about 136 millions of gallons, while that for the current year shows a reduction of about 8 million gallons—the figure for this year is 128 million gallons. Coming to an analysis

of the figures, we find that while foreign petroleum has fallen from 62 to 50 million gallons, Burma oil, which pays no duty, has risen only from 74 to 78 million gallons. When these duties were raised last year, it was expected by some that the result of it would be to push up the consumption of Burma oil which pays no duty. But as a matter of fact the rise in the consumption of Burma oil has been only about 4 million gallons as against a fall of 12 million gallons in the foreign petroleum. When these duties were under discussion in the Council some of us urged that one result of the enhancement of the duties would be to enable the owners of Burma oil to push up prices. I understand from the Hon'ble Mr. Gates that prices had really already been pushed up about a month before the duties were raised by an agreement between the Burma Company and foreign companies. And when the duty was raised and a difference created in favour of Burma petroleum, the Burma Petroleum Company was not slow to take the fullest advantage of the situation to earn extra profits. The enhanced petroleum duties, therefore, ought, in my opinion, to be reduced as soon as possible. In any case, if any relief can be granted, if the Hon'ble the Finance Minister can spare any money, that ought to be devoted to a reduction of the petroleum duties in preference to the tobacco duties.

THE OPIUM FUND.

[*On the 7th of March 1911, the Hon'ble Sir Guy Fleetwood Wilson opened the first stage of the discussion on the Financial Statement for 1911-12. The Hon'ble I. L. Jenkins, C. S. I., presided. Mr. Gokhale moved a resolution that the new loan for the coming year be raised by two million £ to be set apart to constitute a new fund to be called the Opium Fund, or, in the alternative, to be devoted to non-recurring expenditure on Education, Sanitation and Medical Relief. In moving the resolution he made the following speech :—*]

The Hon'ble Mr. Gokhale :—Sir, I rise to move the resolution which stands in my name and which reads as follows :—

That this Council recommends that the amount of the new loan for next year be raised from £5,925,300 to £7,925,300 and that the extra two millions be set a apart to constitute a new fund to be called the Opium Fund, or in the alternative, be devoted to non-recurring expenditure on Education, Sanitation and Medical Relief.

I must at the outset explain to the Council why it is that I have worded my resolution in the manner I have done, and why, when I do not want the loan for next year to be really raised, I appear here as though I wanted that loan to be raised. My reason is that the rules of this Council, the rules which govern this discussion, are to a great extent defective, and till they are so modified the only way in which I can raise the discussion, which I am anxious to raise to-day, is in this round-about manner. The Council is aware that this year, I mean the year which is about to close, there is a large surplus made up of two parts. There is what the Finance Department calls the opium surplus, and there is the ordinary or non-opium surplus. The total amount of these two surpluses has not been, in my opinion, stated as it should have been by the Department. The total, as I will proceed to show, is £5¼ millions or Rs. 8 crores. A portion of it is hidden away

under one head and another portion under another head. And the final surplus, actually shown by the Department, is about £3½ millions. A careful analysis, however, shows that the real total surplus is £5¼ millions and not £3½ millions. This surplus is made up of £3 millions under opium, and about £2¼ millions under other heads. Out of this 2¼ millions, grants have been made to Local Governments amounting to a total £1¾ millions sterling. The Finance Department says that the grant of £1 million for education and sanitation has been made out of the opium surplus. I do not see why it was necessary to touch the opium surplus for this grant; there was the ordinary surplus available, and the whole grant could have come out of that ordinary surplus and the opium surplus could have been left intact. That however is a point with which I will deal later. The facts, as they are stated in the Financial Statement, show a surplus of £3½ millions—£2 millions as the surplus under opium and £1½ millions as the non-opium surplus; and what the Finance Minister has done is to devote the two millions opium surplus to the reduction of debt, the remaining £1½ millions going into the cash balances of the country. Now, Sir, my object in moving this resolution is to recover that sum of 2 millions which the Government of India have decided to devote to the reduction of debt. I would like to have that sum back and devote it, in the first instance, to the creation of a new fund, a reserve fund, to be called the Opium Fund. Or, if this proposal is not acceptable by the Council, I would propose that these 2 millions should be devoted to non-recurring expenditure on education, sanitation, and medical relief.

Sir, if, under the rules, I could have raised a direct discussion as to the dispositions of this year, *i. e.*, the dispositions in the revised estimates, I should certainly have brought in my motion in a more direct form. But there is a rule which lays down that our resolutions at this, the first stage of the financial discussion, should be confined to any alteration in taxation, any new loan or any additional grant to Local Governments *mentioned or proposed in the Financial Statement* or in the Explanatory Memorandum

accompanying it. And the Financial Statement has been defined in the definitions as the budget estimates for the year next following, the revised estimates for the year about to close not being included in the definition. I think the definition requires to be altered, the Financial Statement being made to include not only the budget estimates for next year, but also the revised estimates for the current year. Otherwise all that the Finance Minister has to do is to say nothing in the Financial Statement about any grants to Local Governments, but to start making such grants as soon as the budget discussion is over, and go on making them during the year. By the time we come to the end of the year, all these grants, as already made, will appear in the revised estimates, and they can then, under the present definition, escape the discussion to which we are entitled to subject them. However, the rule being there in its present form, I did not like to take any risks. Possibly, if I had worded the motion in a more direct form, it might have been allowed, as a matter of grace, as I see some other motions have been allowed. But I did not like to take the risk of the motion being disallowed, and I therefore have worded my resolution in this round-about manner. By this means I raise the matter under the head of the new loan for next year. My proposal is that the loan which the Government proposes to raise during next year should be 8 millions instead of 6 millions. This extra two millions will be no increase in reality in our indebtedness because the Government are reducing our debt this year by 2 millions taken out of the opium surplus, and all I propose is that after the new year begins it should again be raised by 2 millions, so that there should be no real change in the debt. My object thus is to recover for the country the two millions which the Hon'ble Members proposes to devote or has devoted to the reduction of our debt, and the actual wording of the resolution is merely a matter of form rendered necessary by the rules as they stand to-day.

Sir, I said at the commencement that our real surplus this year is 5¼ millions or 8 crores of rupees. It

will be seen on a careful examination of the Financial Statement that there are two series of doles—those doles which the Finance Minister once condemned—which reduce it by 1¾ millions. I am not sorry that these doles have been given this year, because they are for purposes which I entirely approve. But I remember the Hon'ble Member expressing himself once somewhat strongly against the policy of doles. The doles this year are a grant for non-recurring purposes, for sanitation and education, of about a million, and another grant to various Local Governments for various objects of public utility, roughly amounting to about three-quarters of a million. The two together amount to 1¾ millions. Now, if the whole of this 1¾ millions had been taken out of the ordinary surplus, leaving the opium surplus alone, even then there would have been half a million of the ordinary surplus left. What the Hon'ble Member has, however done is this. He takes 1 million out of the 3 millions opium surplus, and gives it to education and sanitation; then he takes ¼ of a million out of the other 2¼ millions, and gives it to various Local Governments for various purposes; thereby leaving behind a million and a half of the second and 2 millions of the first surplus, or a total resulting surplus of 3½ millions. Now, Sir, I do not understand why he has done all this in this way. The special grant to education and sanitation could as well have come out of the non-opium surplus. The special opium surplus might have been left alone to be dealt with in some special manner—for redemption of debt, as the Hon'ble Member proposes, or for creating a special reserve, as I am going to propose. There was ample margin for both series of grants out of the ordinary surplus, and I do not understand why some money has been taken out of one surplus and some out of the other, and the resulting surpluses, under the two heads shown as they have been in the Statement. However, that does not affect my resolution in any way. I suggest that this opium surplus which stands at 3 millions, though the resolution raises a discussion on only about 2 millions, should be set apart to constitute a new fund which I would call the opium fund or opium reserve or by some such name; and I further suggest

that we should go on adding to it all the additional opium surpluses that the Hon'ble Member or his successor may earn during the next few years, and the fund thus created allowed to accumulate, so that when the opium revenue comes to be extinguished, the inconvenience and dislocation arising from that extinction should be partly met by drawing on this fund; in other words, that this fund should enable the Government to distribute the inconvenience of the loss of opium revenue over a longer period than would otherwise be possible.

Sir, this question of the disposal of the opium surplus is in reality a most important question, and I would ask the indulgence of the Council while I state why, in my opinion, the course which I have suggested should be adopted. Last year, when I urged that instead of including the whole of the opium receipts in the revenue for a particular year, we should have a sliding scale of a diminishing opium revenue, as that revenue was marked out for extinction, the Hon'ble Mr. Meston, in whom we all are glad to recognise a master of debate, tried to turn the point of my contention against me by saying that that was precisely what the Government were going to do, only he could not reconcile my advocacy of that scheme with my complaint in the earlier part of the debate that the Government had under-estimated the opium revenue. Now, my position at that time was perfectly clear. Sir Edward Baker had stated in this Council three years ago when he first announced to the Council that the opium revenue was doomed, that if the Government of India were allowed to spread the loss of that revenue over ten years, which at that time meant an annual diminution of 50 lakhs, the Government would be able to stand the loss without recourse to extra taxation. And what I meant was that this sliding scale which has been devised this year should have been brought into operation then—not after two years of the excess revenue had been enjoyed by Government and used for ordinary expenditure and after extra taxation had been imposed in order to meet the deficit caused by an uncontrolled growth of expenditure. My contention was that the sliding scale

should have been brought into existence when the announcement was first made here in this Council that the opium revenue would disappear in ten years. However, better late than never, and I am glad the Finance Department has at last introduced a sliding scale; only, instead of an annual diminution of 50 lakhs, it must now be about 85 lakhs, as we have now only seven years in front of us instead of ten. Now, Sir, if the Government could spread the loss of this opium revenue even over the next 7 years, possibly the Finance Department might be able to find annually this margin of 85 lakhs out of the normal growth of revenue, and they might be able to meet the difficulties, that the loss of revenue would create without having recourse to extra taxation. I think this is just possible, though I do not know what may actually happen. But will the Government have the whole period of seven years to distribute this loss over? I think there are many indications that the Government of India will not get seven years, that in the course of four years, possibly even three years, this opium revenue may go. Let us assume that it will go in about three years. It is only wise to be prepared for a contingency like this, as events are clearly moving in that direction. I may say at once that personally I do not regret the prospect of this loss. I have always regarded this opium revenue as a great stain on our finances, because it is drawn from the moral degradation of the people of a sister country. Indeed, I am glad that this revenue will go, and I do not mind having to face the situation which the loss will create. At the same time, I would, in prudence, prepare for the contingency from now. Assuming that the opium revenue is extinguished in the course of three years, what will happen? The sliding scale of the Finance Department assumes a period of 7 more years for total loss. The Department takes for the current year an opium revenue of 7 crores, for the next year of 6 crores 15 lakhs, for the year following that about 5¼ crores, and so on. But if the opium revenue is extinguished in the course of three years more, the sliding scale will not carry us lower down than to about 4 crores for the last year, instead of to only 85 lakhs, as would be the case on a seven years' basis. And,

Sir, if this happens, as sure as the fact that we are here in this room to-day, the Finance Department will have recourse to extra taxation to fill up the gap. And as I am anxious to guard the country against such a course, I bring forward my proposal for the creation of an Opium Reserve Fund to-day.

My proposal, Sir, is this. The additional Opium revenue by which I mean the excess over the sliding scale —which is 7 crores for the current year, 6 crores and 15 lakhs for the next year, and so on—is rendered possible solely by the fact that the opium traffic is threatened with extinction and that the Chinese consumers are therefore prepared to pay fancy prices for the drug while it can be had. The very threatened extinction, therefore, is producing the surplus at present, and it is only proper that the surplus should be utilised in order that the dislocation of our finances, when the extinction does come, should cause as little inconvenience to us as possible. What I urge therefore is this. This surplus, over and above the sliding scale, should be put aside year after year. We have 3 millions this year, we might have, say, 2 millions next year, and, say, another 2 millions during the following year, and at the end of the 3rd year let us suppose that the opium revenue suddenly disappears altogether. According to the sliding scale, the 4th year will require an opium revenue of 3½ crores, the 5th year about 2½ crores and so on. Meanwhile our Opium Reserve Fund will amount, during the next three years, to 7 millions. If we have such a Fund, we can draw on it to fill up the gaps for the 4th, 5th, 6th and 7th years, and thus obviate a recourse to extra taxation. Thus, by creating this opium reserve, we shall be able to spread the whole loss over 7 years—the period which the Government of India are anxious to spread it over—even if the actual extinction takes place in three years. Of course, if you devote this money to the reduction of debt now, and if the Government will borrow when the need arises to fill up the gap for purposes of current expenditure, then I do not press my proposal. I recognize that there is no special merit in a separate fund. But the Government has never so borrowed.

The Government will never borrow for recurring purposes even temporarily, especially when the prospect is to have to borrow for a number of years; and I am quite sure, if a proposal to borrow is made by any Member in those circumstances, we shall have sermons in this Council from the Finance Minister about the un-wisdom and impolicy and extravagance of borrowing for ordinary purposes. Therefore if the opium revenue is extinguished in, say, three years—and it is by no means improbable—while the surpluses during the three years will be devoted to a reduction of debt, when the threatened extinction comes, instead of again borrowing to the extent of the reduction effected, the Government will impose extra taxes. If, however, the Government have this opium reserve at their side, there will be no excuse and no justification whatsoever for the imposition of extra taxes. Of course, I do not object to extra taxation for other purposes. But, other things being equal, I do not want any extra taxation to meet the loss of the opium revenue. Sir, it may be said that, after all, a reduction of debt is a most excellent object, and as the future may well take care of itself, the Finance Minister is justified in devoting his surpluses to a reduction of debt, thereby leaving his successor the burden of a smaller debt. If the debt of this country—I mean the ordinary debt—had been a huge debt, similar to the mammoth debts of Western countries, I would have understood such a course, and I would not have opposed this policy as I am doing now. But what is our unproductive debt? I think an enquiry into this question is useful in view of what the Finance Member says in his Financial Statement. He says there that two millions will be devoted to a reduction of debt, because thereby our credit would be strengthened. With all deference, Sir, I beg leave to say that in speaking thus he is merely using a Western formula—a formula which in India has no application because of the trifling amount of our debt. Sir, what is the amount of our debt? Our total debt is made up of various component factors. There is the permanent or funded debt. There is the temporary or unfunded debt. And there are various funds with the Government, such as savings banks deposits, service funds, special loans, judicial deposits in courts,

and so forth. Against this the Government have their Railways and Irrigation works, their loans and advances to Local Bodies, Native States and cultivators, and their cash balances. Deducting these latter from the total debt, what remains is the true ordinary or unproductive debt. Now, taking the figures for 1907-08, and bringing them up to date, we find that in 1907-08 the permanent debt in India was 88·55 millions; the permanent debt in England was 156·48 millions, or, in the two countries together, 245 millions. That was the funded permanent debt in that year. The unfunded debt in that year was only 1 million. Then about 20 millions represented special loans, service funds, savings banks deposits, departmental and judicial deposits and miscellaneous obligations of the Government, or total liabilities of 266·28 millions or 400 crores of the liabilities of the Government. As against this, the Government of India had in that year 177·7 millions invested in Railways and 29·87 in Irrigation Works, or a total of 207·57 millions under the two heads together. The Railway debt was earning about 5 per cent., the Irrigation debt about 7 per cent. Therefore it was really no debt at all in the sense in which the term debt is used. That accounted for 207 out of 266 millions. Then the loans and advances by Government to various Local Bodies, Native States and cultivators amounted in that year to 13 millions and the cash balances were 18·6 millions. Thus, 239 millions out of 266·28 millions represented the investments and cash balances of the Government, leaving only about 27 millions of real unproductive debt for the country. This was in 1907-08. Since then the position has undergone some deterioration. Of course there has been additional borrowing for Railways and Irrigation; but we need not take that into account since Railway and Irrigation investments are earning 5 and 7 per cent. interest respectively. But there was a deficit in 1908-09 of 3·74 millions. In 1909-10 there was a surplus of ·61 million, and this year, excluding the opium surplus of 3 millions, there is still a surplus of ·49 or half a million. The position therefore during the last three years has undergone a deterioration by about 2·64 millions, and we must add that to the figure for 1907-08 to find the total unproductive debt at the

present moment. This comes to 29·7 millions, say 30 millions. Or, if the Finance Minister will prefer it, I am prepared to take the funded unproductive debt, as it appears in our accounts, which is 37 millions. That means making a present of about 7 millions to the Hon'ble Member; but I will do so and will take 37 millions for the purposes of my argument. Now, Sir, what is a total unproductive debt of 37 millions for a vast country like India? What is such a debt compared with the huge debts of other countries? And is the reduction of this trifling debt a matter of such paramount importance that everything the Finance Department can lay hands on should be devoted to this reduction to the practical exclusion of all other useful objects, as has been done during the last 10 or 12 years? Sir, my protest against this policy of the Government has been a long-standing one. Year after year, for the last ten years, I have been raising my voice in this Council against this policy; but so far without much effect. How does our unproductive debt compare with that of other countries? In England, at the present moment, you have a national debt of over 700 millions, corresponding to our unproductive debt. In France it is over a thousand millions. In several other countries it is four to five hundred millions. Even in an Eastern country like China it is about 110 millions, though the annual revenue of China is much smaller than ours. The Hon'ble Member speaks of the necessity of strengthening our credit. If we look at the rates of interest at which different countries borrow, it will be found that our credit is exceedingly good.

The bulk of our debt is at $3\frac{1}{2}$ per cent. whereas Japan borrows at from 4 to 7 per cent. Russia borrows at about 5 per cent. Turkey borrows at 5 per cent. and over; China borrows at between 4 and 7 per cent., 4 per cent. in a few cases, 6 and 7 per cent. being the usual rate. Even Italy borrows at a higher rate than India, the bulk of Italy's debt being $3\frac{3}{4}$ per cent. I therefore contend that our credit is excellent, and I think the Hon'ble Member need not be in a hurry to improve it still further. Moreover, when a debt is as small as ours, credit is strengthened by its

diminution only theoretically. I do not say that our debt should be left where it is. I am quite willing that there should be some provision for a regular reduction in the ordinary debt of the country. I am quite willing that there should be a Sinking Fund of a definite amount; but when the requirements of such a fund are provided, all money out of the revenue over and above it should be devoted to pressing objects of public utility, such as education, sanitation, medical relief, and so forth. Now, Sir, if we examine next year's Financial Statement, we shall find a sum of 2 crores already devoted to the reduction of debt, *i. e.*, already serving the purpose of a Sinking Fund. Seventy-five lakhs are provided under the head of Famine Relief and Insurance to avoidance or reduction of debts; and under Railway expenditure we have a sum of over £800,000, or about 1¼ crores, devoted to the redemption of Capital; and according to our system of accounts that finally shows itself as a reduction in our ordinary debt. Therefore we have 1¼ crores under Railway Capital expenditure and three-quarters of a crore under reduction or avoidance of debt, or, roughly a sum of 2 crores devoted to reduction of debt. I am quite willing that this should be a standing Sinking Fund. If, in any year, the Government cannot afford these 2 crores, I am willing that the deficiency should be a first claim on the surplus of succeeding years. If further, there is any deficit in any year, that deficit should be a first claim on the surplus of the years that follow. But when you have provided for this Sinking Fund and for covering ordinary deficits, I think all money, in excess of that, should be devoted to non-recurring expenditure on those objects with which the moral and material well-being of the people is intimately bound up. Sir, a Sinking Fund of 2 crores a year is four times as large as what rich England is providing for her to-day. The total debt at present is about 750 millions. Between the Crimean War and the South African War, England reduced her debt by about 200 millions. It was about 836 millions at the close of the Crimean War. It was about 635 millions at the beginning of the Boer War. In other words, England reduced her debt during the interval by 200 millions or 5 millions a year. This means a Sink-

ing Fund of a little over ½ per cent. on the first debt. During the last 8 or 9 years they have reduced the debt from over 800 millions—the figure at the close of the Boer War—to 750 millions, a reduction of about 50 millions; that amounts to about 1 per cent. on the first debt. Therefore, you find that in a wealthy country like England the Sinking Fund does not exceed about 1 per cent. of the debt. Here, in India, I am willing to allow 2 crores annually to get rid of our small debt of 37 millions. This means a Sinking Fund of 4 per cent. as against 1 per cent. in England. Surely the Hon'ble Member should be satisfied with this, and all money over and above this amount ought to be available for other pressing purposes which require large outlay very badly. Sir, for these purposes—Education, Sanitation and Medical Relief—while a great deal of recurring expenditure is, no doubt, necessary, there is also a vast amount of non-recurring expenditure absolutely required. And the need is most urgent. Seven out of every 8 children are growing up in India in ignorance, while the State in every other civilised country has made the free and compulsory education of its children one of its primary duties; 4 villages out of 5 in this country are without a school. Then sanitation throughout the country is in a most neglected condition. The death-rate, already high, is growing higher and higher; the latest figures show that the death-rate is now over 38 per thousand. For providing school-buildings for primary schools, hostels, for secondary schools and colleges, for initial outlay on technological institutions, for drainage and water works, an enormous amount of money of a non-recurring character is required, and there can be no more beneficent expenditure of public money after a Sinking Fund has been provided. My proposals, therefore, are these: I propose, in the first place, that the opium surpluses, over and above the figures of the sliding scale, should be set apart to constitute a new fund to be called the Opium Fund. In the event of this proposal not being accepted, I propose that the whole of such surpluses should go to meet non-recurring expenditure on Sanitation, Education, and Medical Relief instead of being devoted to a reduction of debt. At the same time I propose that a Sinking Fund of a

definite amount should be created, and that all sums over and above that Sinking Fund should be applied to the objects I have mentioned. Sir, I move the resolution which stands in my name.

[*At the end of the debate on the resolution on the Opium Fund, by way of reply, Mr. Gokhale spoke as follows* :—]

The Hon'ble Mr. Gokhale :—Sir, I should like to say a few words in reply to what the Hon'ble Mr. Meston has said, before this resolution is put to the vote. The Hon'ble Member began by giving me credit for sleight-of-hand and feats of jugglery of which I have considered myself more or less innocent. However, I should like to know where the sleights-of-hand and the jugglery have come in. So far as the two surpluses, the Opium surplus and the non-Opium surplus are concerned, I only wanted to know why the Department had set apart one million for Education and Sanitation from the Opium surplus instead of from the other surplus in which there was a margin for it. The Hon'ble Member could then have kept the whole of the 3 millions of Opium surplus intact. He could still have given us the money for Sanitation and Education; he could still have made those grants to Local Governments of about a crore and four lakhs for various specific purposes, and yet he would have had a non-Opium surplus of half a million. I wanted to know why, instead of adopting this simple course, the other has been adopted by the Government; but no answer has been forthcoming to that; and instead of giving the explanation asked for, the Hon'ble Member describes my presentation of figures as a feat of jugglery. However it is a small matter, and may well rest where it is.

So far as the policy of providing a sliding scale of diminishing revenue for Opium is concerned, I entirely approve of it. I suggested that course myself last year, and I am convinced that that is the only safe and sound course. The question is, what is to be done with the surplus that you get over and above the revenue of this sliding scale? The Hon'ble Member said the Government would devote this excess just now to reduction of debt,

and, when the time comes, they would consider what they should do—whether they should again raise their unproductive debt or adopt such other means as in their wisdom and with the advice of the Council they might think proper—which means impose additional taxation, which they are sure to do. Sir, I have been following Indian finance for the last 25 years with some interest, and if I know one thing, it is this. Whenever there is a deficit, the occasion is straightaway utilised by the Government for imposing additional taxation; but, on the other hand, surpluses have been rarely followed by a remission of taxation. It is only when it becomes absolutely impossible to maintain the old level of taxation any more, that remissions are granted to the people, and that very tardily. The reason for this is obvious. The Department does not care to relinquish its hold on the money, if it can help it. Public opinion in the country is weak. There are no electors here to win over, to placate, or to please, and the Government, having the money, do not want to let it go.

Sir, the Hon'ble Member has said a good deal as to the form of my resolution; but I really think he need not have spent so much of his energy on it. He knew quite well what I had in my mind, and indeed, last year, it was he himself who put me in the way in this matter. I was then in a difficulty as to how to raise a similar question, and the Hon'ble Member came to my rescue and pointed out to me how I could get round the rules and raise the discussion. I then followed his advice and was very grateful to him for it; and all I have done this year is to adopt the same course again. He knew what I had then in view, and he knows what I have in view to-day; and therefore all that he has said just now about not raising any more loans, about the inadvisability of adding to our indebtedness, was really somewhat unnecessary.

Then, Sir, the Hon'ble Member says that, in the opinion of the Finance Department, with its conservative view in this matter, a reduction of debt is the wisest policy to pursue in such circumstances. Our debt, however, is extremely small, and my question is, how much do you want annually, as a sinking fund, to reduce this debt still

further? Next year, for instance, you have already provided 2 crores for the purpose out of the ordinary revenue of the country. Are you not satisfied with that? Do you want 3 crores, 4 crores or 5 crores every year in order to reduce this debt of 37 millions? The Hon'ble Member has not attempted any reply to that. Of course a small debt is a most convenient thing for official speakers on the subject of Indian finances. It provides exceedingly good material for glowing periods to adorn the perorations of official speakers on the subject of the management of Indian finance whether here or in Parliament. But that is hardly any consolation to us who want so much money in so many directions for those pressing and all-important objects that I have mentioned. As to whether we can spend large sums on non-recurring purposes usefully, I think the Hon'ble Member may ask the Hon'ble Mr. Butler. After the Conference that we had at Allahabad recently, I am quite sure that the Hon'ble Mr. Butler would at once give him a programme that would show that not one but 10, 15 or even 20 millions could be usefully employed as non-recurring expenditure in the directions I have indicated. It is quite true that two years ago we had a deficit. But is that a fair way of putting it? We had a deficit two years ago; but the deficit came after 10 years of surpluses. Why does the Hon'ble Member take 1908-09 as the starting point? Why does he not take a point two or three years before that? You had 10 years of surpluses during which period you realized—you will find, if you will refer to the returns—a total of about 26 millions as surpluses. After 26 millions of surpluses had been realized you get one year of a deficit of 3·74 millions; after which you again have two small surpluses. And you insist on making up for the one deficit by devoting to paying it off succeeding surpluses, regardless of the fact that there have been 26 millions of surpluses behind. It only means that whenever you have money, you want to devote it to the reduction of debt, because somehow that is the ambition of every Finance Minister; and when you have a deficit, you keep that deficit before the public till you are able to get some more money to wipe it off. I really think, Sir, that the country has a right to complain

of this policy. I am speaking of the general policy followed year after year in this matter, not of the policy adopted in this particular Budget. I have already expressed my great satisfaction as to some of the principles laid down and the dispositions made in this Budget. We are grateful to the Hon'ble Finance Member for what he has done, for he has done what we did not succeed in inducing any previous Finance Minister to do. He has given us a million for Education and Sanitation, and those of us, who have been raising our voice in favour of such a grant year after year these several years, surely we are not likely to be wanting in gratitude to the Hon'ble Member for this. But the Hon'ble Member does not yet go far enough. One million is good, but three millions would be better. If he would set apart these 3 millions to constitute an Opium reserve, then I do not want them for the other purposes mentioned; but if you are going to use the money for reducing debt, we deem it our duty to protest. As my friend, Sir Vithaldas Thackersey has pointed out, if you devote 2 crores a year to the reduction of debt, you would be able to wipe off the whole amount in the life-time of a single generation. My friend was not right about the 75 lakhs. The total amount under Famine Insurance is 150 lakhs, of which half is devoted to protective irrigation, when there is no demand for actual famine relief, and the other half, that is, 75 lakhs, is devoted to a reduction or avoidance of debt. Therefore, the sum is generally available for reducing debt along with the amount that is provided for the redemption of Capital under Railways.

Before resuming my seat I would request you, Sir, to put the resolution to the vote in two parts, under rule 16. Rule 16 says "if any resolution involves many points the President at his discretion may divide it so that each point may be determined separately." I recognise the force of some of the observations of the Hon'ble Mr. Madge. There may be other Members who would be willing to support me in my proposal about an Opium Reserve Fund, but who would not care to have the whole of the money assigned to Education, Sanitation and Medical Relief. I am therefore quite prepared to ask, Sir, that

you, in your discretion, may put the two parts of this resolution to the vote separately: namely, first, that the 2 millions be devoted to the creation of an Opium Fund; and, if that fails, then that it should be devoted to Sanitation, Education and other purposes.

SUBSIDY FOR VERNACULAR PAPERS.

[*On 8th March 1911, the Hon'ble Mr. Basu moved a Resolution in the Imperial Legislative Council recommending that the special grant to the Government of Bengal be reduced by the sum of Rs. 65,000, the amount which the Government of Bengal had promised as subsidy towards a Vernacular paper to be started in Bengal. In supporting the Resolution, Mr. Gokhale spoke as follows*:—]

Sir, I wish to say a few words in support of the Resolution which my Hon'ble friend Babu Bupendranath Basu has placed before the Council. I wish to support this Resolution, first, because, there is a report abroad that other Governments, besides the Government of Bengal, indend to follow suit, and secondly, because, though this matter concerns, in the first instance, Bengal alone, still there is a large principle involved in this question, and I think it is as well that that principle should be discussed from all points of view. But, Sir, before I say what I have to say on the subject, I would like to prevent, if possible, an injustice being done to the gentleman who has come forward at the instance of the Bengal Government to undertake this work. I refer to my friend Rai Narendra Nath Sen Bahadur. I am anxious that no wrong impression should go forth from this Council Chamber about the intentions or motives of the Rai Bahadur, or about the terms on which he has accepted this work from the Government. Rai Narendra Nath Sen Bahadur is one of the veteran journalists and public men of this country, and many of us, including, I am sure, my friend Mr. Basu, have held him in the highest respect for all the time that he had been in public life. And I feel bound to say this for Rai Bahadur Narendra Nath Sen that among the public men of the country he is second to none in straightforwardness, in courage, and in strength of conviction ; and it must also be recognized that he has laboured long and incessantly for the welfare of the country. I am quite

sure, therefore, that the description of a "paid pack" is the very last that can ever be applied to Rai Bahadur Narendra Nath Sen. At the same time I must say that the Rai Bahadur has undertaken a task which is beyond the power of any human being. If the Government are anxious that misrepresentations of their acts and intentions, which, from time to time, appear in the Vernacular Press, should be corrected promptly—a desire which I can understand and with which I largely sympathise—whatever other course might be effective, this certainly is not an effective course. Far better that the Government should have an organ of its own, an open State organ conducted out of State funds and issued as a State publication. Or there are other possible ways, to one of which I will presently refer. But the course actually adopted by the Bengal Government is about the worst that could have been adopted, and I am quite sure that it will be found to be absolutely ineffective in practice. However high may be the character or the motives of a man who comes forward to conduct a subsidized paper, there can be no question about the fact that so far as the bulk of the readers, *i.e.*, of the public, is concerned, there will always be an impression that the opinion expressed in the paper is not an independent opinion. And in the present case, for one man who knows Rai Narendra Nath Sen Bahadur personally, 99 will only judge him from appearances. When it is known that the paper depends for its existence upon a large subsidy from the Government no further proof will be required by most people to discredit the paper and, along with the paper, all that appears in it.

I have said, Sir, that I can quite understand the desire of the Government that they should have a few friends at least in the ranks of the Vernacular Press—papers that will give them fair play, papers that will assume the best, till the worst is proved. I quite recognise that situations sometimes arise when this desire may be strongly felt by the Government. But I am firmly convinced that the only way in which a real remedy can be found for such a state of things is by working for a general improvement in the situation of the country. Some of the reme-

dies proposed, from time to time, may go some way. A State paper, for instance. Such a paper would have certain advantages over a subsidised paper conducted by a private individual. As my Hon'ble friend Babu Bupendranath Basu has pointed out, how are the opinions of a subsidised paper to be regarded? Nobody will think that the opinions there have the weight which would be attached to a pronouncement from Government; for it will always be doubted if the editor of such a paper would be really taken by the Government into its confidence. Then there will be views about social questions and religious questions, about which Government is bound to observe an attitude of neutrality. Even in political matters, the paper will not represent the views of Government. Rai Narendra Nath Sen Bahadur, for instance, is not the man who will conceal his views where he feels strongly. Are the Government prepared to accept the responsibility for the views which he expresses? If not, why should the Government come forward and spend Rs. 62,000 in supporting a paper, the social and religious views of which it cannot accept and the political views of which it may not be prepared to accept? As I have already observed, far better that the Government should issue a State publication of its own. Then it will at least avoid all religious and social questions; it will also avoid ordinary political controversies. Whenever it notices misrepresentations about its intentions in the Press, it will correct these misrepresentations and the public will know authoritatively what the Government have to say.

But, Sir, there is another way, which perhaps would be better than a direct State organ. The Government might, without directly coming into the field, get some of its more pronounced friends or champions to undertake the work. There is, I understand, a body here, called the 'Imperial League,' of which my friend, the Maharaja of Burdwan, is a distinguished member. The other day, when this body waited in deputation on the Viceroy, His Excellency made a suggestion that the members should not confine themselves merely to presenting addresses to departing and incoming Viceroys. And I am quite sure that the

members themselves take the same view of their responsibilities. And they would, no doubt, be glad to come to the support of Government, especially when a serious question like this has to be solved. Many of the members of the League are very wealthy men, and, if a suggestion were made to them, it is more than probable that they would come forward to start an organ of their own—an organ that would actively combat the views that are circulated in a section of the Vernacular Press. The paper will, of course, represent the views of certain wealthy gentlemen in the country only, but they will be men who have a stake in the country, as we are often reminded, and their views will be free from all those objections which may be urged against a subsidised paper, since there will be no Government money behind it. I think in many respects this would be a far more effective course to take than either a directly subsidised paper or even a State organ. But, when all this is said, I really do not believe that any of the courses will really achieve anything very much. The attitude of the Vernacular Press, deplorable as it may at times be, depends largely on a number of circumstances. For one thing, the normal relations between the English and the Indians in the country determine it; and the special questions which for the moment may happen to agitate the public mind also largely influence it. And then there are the writings in the columns of the Anglo-Indian Press. What happens very often is that writers in the Vernacular Press take up the articles or attacks in the Anglo-Indian papers and reply to them. The officials, who read these replies, apply them to themselves, because the writers in the Vernacular Press often express themselves generally against Europeans as such, taking the Anglo-Indian Press to represent European views. And the real remedy for this state of things is neither a subsidised paper, nor a State paper, nor even a private organ, specially started by influential men, but a sustained and statesmanlike effort on both sides to bring about a general improvement in the relations between Englishmen and Indians in India. But whatever may be thought of this view, there is no question that the Bengal Government have made a great mistake, and I earnestly

hope that a similar mistake will not be made by other Governments. Bengal has been fortunate in getting Rai Bahadur Narendra Nath Sen to undertake the work. Those who know him will not need to be told that he will not express any opinion which he does not himself hold. But other Governments may not be equally fortunate. They may choose individuals for the task who have not the same prestige and the same qualifications as Mr. Sen possesses and the result then may be most mischievous.

EXCISE COTTON DUTIES.

[*On 9th March 1917, the Hon'ble Mr. Dadabhoy moved a Resolution in the Imperial Legislative Council recommending the abolition of the countervailing excise duty upon cotton goods manufactured in India. Mr. Gokhale, in supporting the Resolution, spoke as follows*:—]

Sir, I rise to accord my support to the resolution which my Hon'ble friend Mr. Dadabhoy has moved, though I do so on grounds somewhat different to those on which he and some of the other speakers who have followed him have based their case. I approach this question, Sir, not from the standpoint of the representatives of the mill industry but from that of a member of the general community. It is well known that when these excise duties were imposed about fifteen years ago, there was a feeling of deep and universal indignation throughout the country, and this indignation was caused by four reasons. Those reasons have been well brought out by the Hon'ble Mr. Dadabhoy in his able speech, and I will, therefore, refer to them only very briefly. The first reason was that the mill industry was at that time in a state of continued depression. The second was that the industry had been hit hard for the time, at any rate, by the currency legislation of the Government. The third was that the duties were imposed not because the Government of India or the Secretary of State thought it desirable to impose them, but because Lancashire dictated that these duties should be so imposed; and the Government of India made no secret that they were not a willing party to that transaction. Lastly it was believed that the action of Lancashire in putting pressure on the Secretary of State, and through him on the Government of India, to impose those duties was due not to the fact that there was any real competition between Lancashire and India, but because Lancashire. already uneasy at the strides the mill industry had made in this country, wanted to handicap that

industry in regard to its further progress. It was well known that the imports from Lancashire were practically all of them of higher counts, whereas the production of the Indian mills was confined at that time to lower counts and there was really no question of competition between the two. It was these reasons that lay behind the extreme irritation and sore felling caused, when these duties first came to be imposed upon us.

I think it is necessary now in the interests of a fair discussion of this question that we should consider if the position has in any way been modified, and, if so, to what extent, in regard to these four circumstances. Taking the first circumstance, we find that there is again a depression in the mill industry; but it is necessary to remember that during the interval a great wave of prosperity has passed over the industry, and that makes some difference in the situation. As regards the currency question, I think things have had time to settle down on their new basis, and therefore the injury, which the currency legislation had temporarily done to the industry, cannot now be specially urged as a reason for removing the excise duties. The third reason remains in its full force, *viz.*, that these duties were imposed at the bidding of Lancashire. That remains in full force, and whenever the circumstance is re-called to the public mind, there is even now a feeling of indignation experienced by the people of this country. Finally, the last argument has lost some of its force—I think it is only fair to acknowledge that—because the Indian mills have now gone in for higher counts to some extent—though it is still a small extent only—and to that extent competition has come into existence between the productions of Lancashire and those of the Indian mills. Therefore, Sir, the position to-day is not exactly the same as it was fifteen years ago, and the question must be considered afresh, before we can take the same stand that we did fifteen years ago in this matter. I may mention that I myself more than once brought this question forward during Lord Curzon's time in this Council and urged the repeal of these duties; but that was before the great wave of prosperity, to which I have

already alluded, passed over the industry—a wave that has to some extent modified the situation.

I think the question must be considered from two points of view: the first is the financial aspect, and the second the larger aspect of economic policy, including the question what kind of economic policy is good for India. Taking first the financial aspect of the case, it is necessary to bear in mind that all great authorities are agreed on this, that revenue duties must not be subjected to the rigorous canons of Free Trade. As my friend Mr. Dadabhoy pointed out, even Mr. Gladstone—one of the greatest apostles of Free Trade and certainly the greatest statesman of the nineteenth century that England produced—complained of the application of Free Trade principles to this country in all their rigour and 'without a grain of mercy.' Therefore, revenue duties must not be judged by the standard by which ordinary protective duties may be judged. Again, as Mr. Dadabhoy has pointed out, we had at one time as high a range as 10 per cent. of import duties on cotton goods and yet they were then allowed to exist for revenue purposes without any question being raised about putting on a corresponding excise. Looking upon the 3½ per cent. import duties on cotton goods, therefore, as purely revenue duties, the question may be considered whether the 3½ per cent. excise on cotton goods is necessary for our finances. Now, Sir, at the beginning, these excise duties produced about 10 or 12 lakhs of rupees only, which was a comparatively small sum. I find, however, that last year they brought in about 41 lakhs of rupees, which is a considerable sum, and in view of the threatened extinction of the opium revenue, I do not think anyone would lightly propose that such a revenue as this can be sacrificed without a substitute being found for it. I think it is necessary to make that admission. At the same time, though the amount is necessary, I contend that it is possible to raise that amount in another way and a better way, and that, even from the financial standpoint, the duties are objectionable. I contend, Sir, that the main burden of these duties falls on the poorest classes of this country.

Normally the duties fall on the consumer ; they do not fall on the producer, except in abnormal circumstances. The question—who pays—has latterly come to the front in connection with the Tariff Reform controversy in England, and one reads many bewildering statements made from time to time. I, however, think, Sir, that the position which ordinary political economists occupy in this matter is a sound one, namely, that, in normal circumstances, a duty ultimately falls upon the consumer, whereas in abnormal circumstances it may occasionally fall on the producer. Sir, if it was the case that these excise duties fell on the producers and not on the consumers, I would not stand up here to support their abolition to-day. My friend, the Hon'ble Mr. Dadabhoy, complained of the extreme depression of the mill industry, and several other Members have also spoken in similar terms. I think, however, that it is necessary to point out that, before this depression came, they had a spell of extraordinary prosperity ; some of the concerns are reported to have made profits of about 30 and 40 and even 50 per cent. in a single year; when, therefore, bad years come, we should not forget the good years that went before. If we take an average of good and bad years, I am not quite sure that there is such a strong case to urge for the abolition of these duties from the standpoint of the condition of the industry. Except in such abnormal times as the present, I think it is absolutely clear that the duties fall, not on the producer, but on the consumer, and the consumers of the rougher counts are the poorest of the poor. Therefore, the bulk of the duties is drawn from the pockets of the poorest of the poor, and as such they are a most objectionable impost, and should be done away with. As regards the loss of revenue which will ensue, I have a proposal to make which I will make before I resume my seat. So much about the financial aspect.

Coming to the larger aspect of Free Trade *versus* Protection, I would like briefly to state my position in this matter. I may say at once that by conviction I am not an upholder of Free Trade in all countries and at all times. Free Trade can no more prevail universally

at present than any other noble ideal, for instance, the brotherhood of man. While the Great Powers of the West are preaching the brotherhood of man for one day in the week, they are practising some other faith for the remaining six days and their armaments are going up everywhere. In the same way Free Trade for all countries may be all right in theory, but it will be a long, long day before we shall have it in practice everywhere. And till that time comes, every country must take care of its economic interests in its own way. Now, Sir, most countries have adopted Protection as their economic policy. It is, however, necessary to remember that there are two kinds of Protection, the right kind and the wrong kind. The right kind of protection is that under which the growing industries of a country receive the necessary stimulus and encouragement and support that they require, but under which care is taken that no influential combinations, prejudicial to the interests of the general community, come into existence. The wrong kind of protection, on the other hand, is that under which powerful influences and combinations and interests receive assistance to the prejudice of the general community, the general taxpayers of the country. And I believe that the right kind of Protection, if available, will do good to India. But, Sir, situated as India is, I fear there is no likelihood of that kind of Protection being available to us; and it is my deliberate conviction that, in our present circumstances, a policy of Free Trade, reasonably applied, is after all the *safest* policy for us. If the Government of this country were conducted in accordance with the wishes and the opinions of the people, not merely as imagined by the Government of India, but as ascertained by means of a constitutional machinery existing for the purpose, then of course the situation would be a different one. In the Self-Governing Colonies, where they are able to impose protective tariffs (and, in fact, every Colony has its huge tariff wall, as we all know), the Government is carried on in accordance with the wishes of the people constitutionally ascertained. Where that guarantee exists, it may be assumed that the taxpayers of the country are able to take care of their own interests and further

that they are able to influence the decisions of the Government. But, situated as we are to-day, we are entirely dependent on the Government of India, and, more even than the Government of India, on the Secretary of State for India in Council, in this matter, as they have all the power. We may offer observations, we may criticise the actions of the Government in this country, but we are a long way yet before the Government of the country is carried on in accordance with our wishes, constitutionally ascertained; and until that state of things arises, until, at any rate, we grow so strong in our influence and our position in this Council that the Government will think it necessary to accept and act on our views, I really think that, on the whole, a Policy of Free Trade, reasonably applied, is the safest policy for this country; otherwise influential interests, influential combinations, influential parties in England, who can have ready access to the Secretary of State, to whom we have no such access, will not fail to take the fullest advantage of the situation; and this huge engine of protection, which is a vast power, will be employed, not in the interests of the people of India, but in the interests of those parties. That being so, I do not think we should go in for the advocacy of protection, as such, in the present state of the country, and I for one, will not be a party to such advocacy. I do not therefore join in the plea that the abolition of excise duties would be a measure of protection to the Indian industry and that the Government should accede to it on that ground. But, independently of that, we have a strong case for urging that these duties should be abolished.

One word more I would say before I come to the concluding part of my remarks, and it is this: that in this matter of securing the right kind of protection, there is really not much to choose between the two parties in England. The Liberal Party is, of course, committed to Free Trade openly; Tariff Reformers appear to favour a policy of protection; but it was made abundantly clear, in the course of the last but one election, by prominent members of the Tariff Reform Party—Mr. Bonar Law, Lord Curzon and, if I remember right, even Mr. Balfour—

that, while they would like to have Tariff Reform as England's policy, they would insist on keeping India in bondage, so far as her fiscal policy was concerned. It is true that in one of the leading Conservative papers in England, the *Morning Post*, some striking contributions have recently appeared, favouring a policy of fiscal independence for India; but, before we reach that independence, we shall have to traverse a good deal of ground, and for the present, at any rate, I do not regard the question as within the pale of practical politics.

I now come to the proposal which I wish to make. I suggest that the excise duties should be limited to the higher counts only, in regard to which there is competition between England and India. Roughly, I may say that all counts below 30 should be exempted. That would mean the abolition of the bulk of the excise duties. Such abolition would be a just measure of financial relief to the poorest of the community. To make up for the loss thus occasioned, I suggest that the import duties on cotton goods be raised to 5 per cent.; the countervailing duty in India, limited to counts above 30, being also raised to 5 per cent. at the same time. You will then not sacrifice any revenue. Taking the imports of cotton goods at, say, 20 millions, an increase of 1½ per cent. in the customs duty will mean about £ 300,000 or 45 lakhs more to the exchequer, and that would be more than 41 lakhs realized from the excise duties last year. Besides you will have in addition a five per cent. excise on all counts above 30s. produced in this country. There will thus be no loss and probably some gain to the finances of the country by this course. With these observations I beg to support the resolution.

IMPORT DUTY ON SUGAR.

[*On 9th March 1911, the Hon'ble Mr. Malaviya moved a Resolution in the Imperial Legislative Council recommending the enhancement of the import duty on sugar. Mr. Gokhale, in moving a friendly amendment to the Resolution, spoke as follows*:—]

Sir, I beg to move the following amendment to the resolution which my Hon'ble friend has proposed :—

That the Council recommends that the Government should order an inquiry by a Committee of competent persons into the present condition of the sugar industry in India with a view to ascertaining what action can and should be taken by the State to save the industry from the threatened ruin.

Sir, I would like to state at the outset that my amendment is a friendly amendment to the resolution. My Hon'ble friend has proposed that the Government should so raise the duty on imported sugar as to enable the indigenous sugar industry to survive the competition to which it is at present exposed. A very small calculation will show that for this purpose a duty of not less than 30 to 40 per cent. will be required, and possibly even a higher rate may have to be imposed. It depends on what kind of sugar you want to protect from the competition of foreign sugar. If it is the sugar manufactured by factories worked by foreign methods, the duty will have to be about 40 per cent. If, however, it is the sugar manufactured by indigenous methods, then the duty will have to go higher, and may have to be as high as 80, 90 or even 100 per cent. Therefore, without expressing an opinion on the proposal made by my Hon'ble friend, I suggest an enquiry into the condition of the industry—and my Hon'ble friend will himself recognize the desirability of this—before his proposal is definitely considered by the Government. What I urge is that the Government should appoint a Committee of competent persons connected with the industry as also representing the Government

and the public to thoroughly investigate the condition of the industry, and to recommend what action may be reasonably expected from the State, and should be taken by the State. Sir, there is no doubt whatsoever that the sugar industry is in a very bad way and that the decline is progressive. There is also no doubt that the imports, especially of Java sugar, have been going up by leaps and bounds. In ten years they have risen from a value of about £ 170,000 to over 4 millions. I think these figures are sufficient to show what enormous quantities of Java sugar are now coming into the country, and to what serious competition the sugar manufactured in India is exposed. Sir, the great German economist, List, points out in one place what happens when a country like India comes into the vortex of universal competition. He says that when a country, industrially backward, with antiquated methods of manufacture, dependent largely on manual labour, comes into the vortex of universal competition—competition with countries which use steam and machinery and the latest researches of science in their production—the first effect is to sweep off local industries, and the country is thrust back on agriculture and rendered almost entirely agricultural for some time. But then, here, he says, comes in the duty of the State. When such a situation is reached, the State, he says, should step forward, and by a judicious system of protection it should foster such industries as are capable of being fostered, so that the country may once again enter on its industrial path with the aid of the latest appliances and ultimately stand successfully the competition of the whole world. Now, Sir, as I pointed out this morning, if we had a potent voice in the administration of this country, I certainly would strongly advocate that the Government of India should follow this advice of List: but as things are, for a long time to come this will not be practicable; and as practical men, we must accept the situation and make the best of it. Personally, therefore, I think that for the present we should ask the State to give only such help to the industry, as it can, without running counter to the principles which are at present in the ascendant in the administration of this country—I mean free trade principles.

Sir, I stated my opinion this morning that I was not sorry that the policy of the State to-day is a free trade policy ; it is the least harmful, it is the safest, and till we are stronger I should not like to see it change. If the Government of India or the Secretary of State had the power to grant protection in the present circumstances, I am not sure that it would be employed in the best interest of the people of this country. I, therefore, personally do not ask for a high protective tariff; but I urge that an enquiry be first made to find out in what way and to what extent the State can help this industry. Sir, at the Educational Conference which was held the other day at Allahabad, under the chairmanship of the Hon'ble Mr. Butler, this question of the present condition of the sugar industry came up for consideration in connection with the subject of technical and scientific education. And my Hon'ble friend Mr. Mudholkar made at the meeting a number of valuable suggestions, and there was a representative of the sugar industry from the United Provinces, who also stated what the difficulties of the industry were which required to be overcome. It was a most interesting discussion, and I have no doubt that Mr. Mudholkar, who will probably take part in this debate, will state here what he stated to the Conference. It seemed from that discussion that there was a great deal that the Government could do for the industry even if it did not impose a high protective tariff; in the matter, for instance, of making the services of expert chemists available, in the matter of the terms on which land may be held, in the matter of irrigation and other facilities, and so forth. I therefore suggest that a Committee should be appointed to investigate the condition of the industry and consider what assistance the Government may give in order that the industry may be saved from the threatened ruin. The Committee may also be asked to report if any protective action can be taken by the State, and, if so, what that action should be.

Sir, I think it necessary to point out that in any scheme of protection that may be proposed by anybody, three questions arise, which must be carefully considered.

The first question is, what will be the difference to the cultivators, if high protective tariff is imposed, and by its means they are kept to their present cane cultivation? And how will they fare if the cane cultivation is allowed to go out, as it is steadily going out at present? We find from Mr. Noel-Paton's recent pamphlet on the subject that during the last 9 or 10 years the area under cane has diminished by more than 8 per cent. and that the area under other corps has correspondingly increased by more than 8 per cent. This shows that the area vacated by cane has been occupied by other crops. The question therefore arises, how the cultivators have fared under this change. If it is found that the going out of the cane and the coming in of other crops have injured the cultivators, it will be a strong argument in favour of the State doing something to prevent this substitution taking place. If it is found, on the other hand, that the substitution has not injured the cultivators, then, so far as the cultivators are concerned, the plea for protection loses a great deal of its force. The Hon'ble Pandit Madan Mohan Malaviya read an extract from a speech by a Lieutenant-Governor of the United Provinces, in which a distinct opinion is expressed that the substitution of other crops would injure the cultivators. If that is so, that would be a strong argument in favour of the Government doing some thing to prevent such an injury to the cultivators; and this is the first question that must be considered in connection with this matter.

The second question is, supposing that a duty of 30 to 40 per cent. is imposed, on whom will it really fall? Roughly speaking, Sir, I look at the question in this way. The poorest classes of this country hardly ever use sugar; they use what we call *gur* or jaggery. We will assume that all those whose annual income is less than Rs. 100 generally use *gur* or jaggery, and that persons above that limit use sugar, using it in greater and greater proportion as you go up. We will further say that to those whose income exceeds Rs. 1,000 a year, it will not much matter if the price of sugar is raised by 30 or 40 per cent. There remains the class whose income is between these two limits

of Rs. 100 to Rs. 1,000 a year—a class that undoubtedly uses sugar and is interested in having it cheap. It is a very numerous class, and it would undoubtedly be hit hard by an increase in the price of sugar. Members of this class use sugar in large quantities not only on ceremonial and festive occasions, but ordinarily; and the bulk of whatever extra duty is imposed will come out of the pockets of this class. Now, a 30 per cent. duty on Java sugar means—the last imports being four million pounds or 6 crores of Rupees—very nearly two crores. A duty like that will therefore take two crores of rupees out of the pockets of this poor class; and, if the cultivators fare neither better nor worse, whether they grow cane or other crops, then the only result of the duty will be that this sum of 2 crores will go to so raise the profits of the manufacturers in India as to enable them to remain in the industry. And this directly brings us to the third question: who will really benefit by a 30 or 40 per cent. duty? I have already observed that a 30 or 40 per cent. duty will not suffice to bring the old indigenous portion of the industry within the line of protection. The factories that will receive the protection are those run on European lines, and it is no use disguising the fact that most of these factories are in European hands and their profits go to Englishmen. Sir, I do not grudge to any Englishman a single penny of the money he may legitimately make; but I think it is a fact, which must be fairly and squarely faced, that by a 30 per cent. duty on sugar we shall take two crores out of the pockets of a poor class whose earnings are between Rs. 100 and Rs. 1,000 a year, and we shall transfer this sum practically to the pockets of English manufacturers of sugar in the country. I do not mean that they will thereby realise any large profits in the industry—probably you will by means of the duty just enable them to remain in the industry; without this bonus, they may have to abandon the industry and devote themselves to something else. But even if the manufacturers realize no more than ordinary profits, the question must be considered—is it just that a sum of two crores should be taken out of the pockets of a poor class and put into the pockets of the manufacturers, to

enable them to realize ordinary profits and keep up the industry? Sir, I only suggest these points, which strike me as serious, for consideration. I think these questions require to be carefully considered before any action is taken on the lines suggested by my Hon'ble friend. I am not necessarily against all protective action by the State. But I strongly hold that every proposal of protection must be judged upon its merits, and it is for this reason that I suggest this enquiry. With these words, Sir, I move my amendment.

EMPLOYMENT OF INDIANS IN THE PUBLIC SERVICE.

[*On 17th March 1911, the Hon'ble Mr. Subba Rao moved a Resolution in the Imperial Legislative Council recommending the appointment of a Commission of officials and non-officials to consider the claims of Indians to higher and more extensive employment in the Public Service connected with the civil administration of the country. Mr. Gokhale, in supporting the Resolution, spoke as follows* :—]

Sir, before I say a few words on the resolution which my Hon'ble friend has brought forward, I would like to offer him my congratulations on the industry and care with which he has prepared his case and the ability with which he has presented it to the Council. Sir, this question is undoubtedly one of great importance, and, like all questions of great importance, it is beset with great difficulties. I am anxious to approach it with as much fairness as I am capable of, because there are undoubtedly two sides, and while I am keen that the aspirations of my countrymen should receive fair and reasonable recognition from the Government, I should be very unwilling not to recognise at the same time the difficulties that lie in the path of the Government in dealing with this subject.

Sir, one of the fundamental conditions of the peculiar position of the British Government in this country is that it should be a continuously progressive Government. I think all thinking men, to whatever community they belong, will accept that. Now, I suggest four tests to judge whether the Government is progressive, and further whether it is continuously progressive. The first test that I would apply is what measures it adopts for the moral and material improvement of the mass of the people, and under these measures I do not include those appliances of modern governments, which the British Government has

evolved in this country, because they were appliances, necessary for its very existence, though they have benefitted the people, such as the construction of Railways, the introduction of Post and Telegraphs, and things of that kind. By measures for the moral and material improvement of the people, I mean what the Government does for education, what the Government does for sanitation, what the Government does for agricultural development, what the Government does for industrial development, and so forth. That is my first test. The second test that I would apply is what steps the Government takes to give us a larger and larger share in the administration of our local affairs—in municipalities and local boards. My third test is what voice the Government gives us in its Councils —in these deliberative assemblies, where policies are considered; and lastly, we must consider how far Indians are admitted into the ranks of the public service.

Now, Sir, as regards the first test, I believe that is what one feels to be in the air—I believe that we are on the eve of important measures being taken by the Government, and in those measures both the officials and non-officials can and should heartily co-operate with one another. As regards the second, I trust that, as a result of the Decentralization Commission's labours, a further advance will soon be made. A fair beginning has already been made, and when we have a further advance in the same direction, we might be expected to remain satisfied with that for some time. As regards deliberative assemblies—the Provincial and Imperial Councils—the reforms that have recently been introduced constitute an important advance, and for some time, therefore, that question may rest there. When, however, we come to the last question, we strongly feel that the time has come when something must be done to improve matters, and I hope something will soon be done. Sir, I have already observed that the Government has to be a continuously progressive Government, and that it cannot afford to rest on whatever it has done in the past in any one of these directions. Now taking this question of the employment of Indians in the higher ranks of the public service, which I admit is a very

difficult question, I would like to refer briefly to what my Hon'ble friend Mr. Subba Rao has already pointed out, namely, that there are four or five distinct landmarks in regard to this matter in the history of British rule. In 1833, when Parliament laid down that there should be no distinction of race in making appointments to the public service in this country, the British nation gave a noble pledge to the people of this country of its own accord. There was no agitation here at that time—in fact, there was hardly any Western education. It was a great pledge to give, and it was given by the British nation spontaneously. The next landmark is 1854, when the competitive examination was thrown open to Indians along with Europeans. The old Haileybury system was abolished and competition was introduced, and it was thrown open to all. The Queen's Proclamation of 1858 constitutes the next landmark. Even then there was no agitation for a wide employment of Indians in the public service for the simple reason that the Universities had not then been established, and there was no large educated class. In 1861, when the Secretary of State appointed his Committee, to which my Hon'ble friend has referred, it was again more the conscience of the English people than any demand made from this side that led to the appointment of that Committee. When the Act of 1870 was passed—that is the next landmark—there was some public opinion here, and a few Indians—notably Mr. Dadabhoy Naoroji—had been agitating in England for the admission of Indians to high office; but even then, the main part of the work was done by Englishmen, by English friends of our aspirations, who felt that the arrangements existing at that time were not quite just to the people of India. When, however, the Public Service Commission was appointed in 1886—that is the next landmark—the position was much altered. By that time a large educated class had come into existence, and that class keenly felt its own exclusion from the higher ranks of the Public Service. The Commission was appointed with the declared object of devising means for the larger admission of Indians in these ranks, and as the results of the Commission's labours have, on the whole, been disappointing,

there is no doubt that that constitutes a legitimate ground of complaint for the people of this country.

Sir, it is interesting to note at what intervals these successive steps in advance were taken. From 1833 to 1854 or 1858, whichever you take, there was an interval of 20 or 25 years. From 1858 to 1870, when the next step was taken, there was an interval of 12 years. In 1886, when the question was again examined, it was after an interval of about 16 years. Since then, however, there has been no inquiry—that means during a period of 25 years—and that is one reason why I urge that the resolution of my Hon'ble friend should be adopted. It is true that during the last three or four years some very striking appointments to high office have been made. My friend, Mr. Ali Imam, sits on that bench there; two Indians sit in the Secretary of State for India's Council; an Indian recently held the position of Advocate-General at Calcutta, and Indians have even been appointed to act as Chief Justices of different High Courts. These striking appointments have no doubt impressed the imagination of the people, and there can be no question that they are deeply appreciated by my countrymen. But our grievance is in regard to the bulk of appointments in the higher rank; and that grievance is not really touched by these appointments. And so far as that grievance is concerned, the labours of the Public Service Commission resulted in little substantial improvement for us in practice. And indeed in some departments, the position has been rendered actually worse. My Hon'ble friend, Mr. Subba Rao, has pointed out how in regard to the central Civil Service, the recommendations of the Public Service Commission and the orders passed by the Secretary of State on those recommendations have actually put us back, compared with the Statutory Service Rules of 1879. The rules of 1879 gave us one sixth of the total recruitment of Civilians for the country. Now, taking the cadre at about a thousand posts —it may be a few more or a few less—we should have had about 160 Indians, under those rules, in the central Civil Service. The Commission, however, recommended only 108 posts for us in place of 160, and the Secretary of State

cut the number down to 93; and that is the number we have at present. I believe even the whole of these 93 are not yet held by Indians. I think we are about 10 short of what the Secretary of State promised at that time leaving out of account the additions made subsequently for Burma and Assam. Now, Sir, the Secretary of State's orders were passed in about 1890 or 1891, and twenty years have elapsed since then. If for nothing else, at least for the fact that it is now 25 years since the appointment of the Public Service Commission, and 20 years since the Secretary of State passed his orders on the recommendations of that Commission, I urge that there should be a fresh enquiry into the whole matter. But, Sir, I say something more. I say that as a result of the labours of the Public Service Commission, the position of Indians in many branches of the Public Service has actually been rendered worse, and that should now be set right. In the first place, Sir, the Public Service Commission recommended that there should be a division of the Public Service into Imperial and Provincial. Now that was a most unfortunate recommendation. I am quite sure that the President of the Commission—the Lieutenant-Governor of the Punjab of that time—a man of broad sympathies, undoubtedly did not want to put the Indians back; but the result actually has been to put us back, and this for two reasons. First, there is a stamp of inferiority on the Provincial men, and they are bound to feel that. Secondly, if you have these artificial divisions of Imperial and Provincial, the abler men in the Provincial Service—I mean those who are abler even than some of the men in the Imperial Service—cannot help feeling that the arrangement is most unjust to them. I am, therefore, strongly of opinion that this division between Imperial and Provincial must go. I hope it will go soon, and unless it does we shall have to bring up this matter again and again before this Council. Then, in two departments particularly, this division between Imperial and Provincial has done greater harm to us than in other departments—I mean the Education and the Public Works Department. In some of the other departments, the creation of a Provincial Service has to a certain extent improved the prospects

of Indians, so far as mere numbers are concerned, because there were hardly any Indians employed in those departments before and the constitution of the Provincial Service has given them some chance there. But in the Education and Public Works Departments, we have suffered a great set-back. In the Education Department, for instance, Indians were on terms of equality with their English colleagues before the creation of a Provincial Service. The scale of salary was, no doubt, two-thirds, but in other respects they were on equal terms. But they have now been put into a distinctly subordinate position and we see on every side the most flagrant cases, which hurt everybody. Thus we find men of most distinguished attainments in the Provincial Service simply because they are Indians, and men who passed their examinations only yesterday, and who have so far earned no distinction by their work, in the Imperial Service, simply because they are Europeans. I will give only one instance. There is a gentleman here in Calcutta, named Dr. P. C. Ray, a most distinguished man of science, a man who has been honoured by French and German *savants*, a man adored by his pupils, a man who has been doing original work for the last 20 years and more. But he is still in the Provincial Service, whereas young men, fresh from College, without any original work to their credit, men who are admittedly his inferiors, are brought out to this country and put over his head, simply because he happens to be in the Provincial Service and they are brought out as members of the Imperial Service. Now, Sir, this sort of thing hurts not merely the men who are actually affected by it, it hurts the students studying under them. In other departments any injustice done to an Indian official concerns that official only. In the Education Department it affects the students as well; the bitterness passes from the professors to the students, and the whole student community comes to be affected by it.

Take again the Public Works Department. At one time Indian and European Engineers were all on terms of absolute equality not only as regards status but even as regards pay. In 1892, differential rates of pay were

introduced for the first time—two-thirds pay for Indian Engineers. Now under the new organisation scheme, the status of the Provincial Engineers is reduced still further, for they are now to be put on a separate list. Thus, in this Department, we were at first on terms of absolute equality with Englishmen. Then our pay was reduced to two-thirds, though in regard to other matters equality was maintained. Finally, it is now decided to do away with this equality by putting us on a separate list altogether. And not only is this applied to new men but a most unjust and unjustifiable attempt has been made to apply it to old men, recruited since 1892. There are about 100 men who are the victims of this gross injustice. There is the definite word of the Government pledged to them in 1892 that they would be on the same list as the Imperial Engineers, and yet it is proposed now to put them on a separate list—a distinct breach of faith. These men have not yet accepted the arrangement, three years have passed, and they have so far got no redress. The Secretary of State is still waiting for the despatch of the Government of India which should have gone long ago. I asked a question the other day on the subject, and the Hon'ble Mr. Carlyle gave an answer, in which I see an element of hope. I, therefore, will not press this question further to-day, but, if necessary, I will bring a resolution on this subject at Simla.

I urge then, first of all, that this distinction between Imperial and Provincial must go. The second respect in which we have lost ground since the last Public Service Commission is in regard to competition. Gradually competition has been abolished more or less throughout the country and we are now made to depend almost exclusively upon Government nomination, pure and simple. Now, I am quite alive to the defects of competition as a method of filling Government offices. Of course it is not ideally the best method, but I contend that it is the best method available. In a country like this, governed by Englishmen, who are unfamiliar with our ways, and cannot instinctively understand the difference between one individual

and another, they are at times apt to be misled by appearances, by recommendations and by a lot of other considerations owing to the very peculiarity of their position. And I submit that competition, with all its defects, is any day better than nomination, pure and simple. An Englishman, judging of English candidates, may dispense with competition, because there is a great deal of initial knowledge that may be taken for granted on account of their belonging to the same society. Here the individuals belong to different societies and that initial knowledge is lacking, and nomination, I contend, is bound to lead to abuses—haphazard selection and favouritism. My second point, therefore, is that competition must again be restored for making selections for Government service.

I will now say a word about one or two other Departments. I have said that in the Public Works and Education Departments, our position has grown worse. In the Medical Department, while it has not grown worse, it is still most unsatisfactory. The professorships are all the monopoly of the Indian Medical Service Officers and the hospitals are closed to all non-service men. Recently they have thrown open the Professorship of Anatomy in the Calcutta College to non-service men, but the moment it is thus thrown open to non-service men, it is rendered altogether unattractive. There used to be a pension attached to this post till now, and private practice was hitherto allowed; but it is now declared that there is to be no pension, there is to be no private practice, and the new man will get no house allowance, when every one else is getting it. Thus the moment the post is thrown open to non-service men it is made altogether unattractive for our best men, and I would like to have an explanation as to why this has been done. Take again the question of the Chemical Analysers in Bombay and Karachi. Some years ago, the Secretary of State decided that these appointments should not be the monopoly of the Indian Medicial Service. And there is a distinguished man in Bombay available for these appointments to-day, doing for years the work of Assistant Chemical Examiner. Indian Medical Service men, appointed as Chemical Analysers,

receive their training under him, and then they are put over his head. I understand the Government of Bombay is anxious to help this gentleman; but the matter rests with the Government of India, and somehow his ability and record of services receive no recognition from them.

Lastly, I come to the Department of Railways. I am not going into the question in detail to-day, because my friend the Hon'ble Mr. Mudholkar has already dealt with it exhaustively. Here we are almost entirely excluded from all higher appointments, and I hold that this is absolutely indefensible. It cannot seriously be contended that Indians are not fit for any place in the Railway Administration above Rs. 200 a month, when you can put them on the Government bench there, make them Chief Justices of High Courts or entrust them with the management of districts and divisions. To those who speak of such unfitness, I would like to mention an interesting episode. It refers not to the Railway Department, but to another Department—the Survey Department—but the principle is more or less the same. Not many years ago, there was a controversy about the position of Indians in the Survey Department, and it was contended very vigorously by the champions of European monopoly that Indians were not fit for the work, and that therefore they should be kept out. Unfortunately a report, submitted by Colonel Du Pre, who was then the head of the Survey Department and who was a strong advocate of Indian exclusion, came to be published, and this is what he was found to say in that report:

> I may here remark incidentally that my numerous late inspections show me that the tendency of the European surveyors is to stand and look on, while the natives are made to do the drawing and hand printing, as if they thought themselves quite above that sort of thing. This is a mistake and cannot be permitted for the future. Besides, it is suicidal for the Europeans to admit that Natives can do any one thing better than themselves. They should claim to be superior *in everything*, and only allow Natives to take a secondary or subordinate part. In my old parties, I never permitted a Native to touch a theodolite or an original computation, on the principle that the triangulation or scientific work was the prerogative of the highly paid European, and this reservation of

the scientific work was the only way by which I could keep a distinction, so as to justify the different figures respectively drawn by the two classes—the European in office time and the Native who ran him so close in all the office duties as well as in field duties. Yet I see that Natives commonly do the computation work, and the Europeans some other inferior duties.

Sir, I beg, with all respect to make a present of this extract to the Hon'ble Sir T. Wynne! One word more, and I have done. Sir, I have admitted that the question is a difficult one, but what I urge is that there should be continuous progress. Nobody urges that the English element should be withdrawn suddenly or even largely, but unless Indians are introduced into the higher ranks in larger and larger numbers, the discontent which the Government are anxious to remove is not likely to disappear. With these words, I strongly support the motion which my Hon'ble friend has brought forward.

THE INDIAN FACTORIES AMENDMENT BILL.

[*On 21st March 1911, Mr. Gokhale moved in the Imperial Legislative Council an amendment to the Indian Factories Bill as amended by the Select Committee, making it obligatory on every factory employing more than twenty children to maintain an elementary school and provide them with free and compulsory instruction. In support of his amendment, he spoke as follows* :—]

Sir, I beg to move that to clause 23 of the Bill as amended by the Select Committee, the following sub-clauses be added :—

(1) Every factory, in which more than twenty children between the ages of nine and twelve are employed, shall maintain an elementary school in proper condition for their benefit, and attendance at such school for not less than three hours every working day shall be compulsory in the case of each child so employed.

(2) No fees shall be charged for the instruction given in such school.

Sir, I urge this amendment on the broad grounds of justice and humanity. The plea of justice is based on three considerations. In the first place, the very fact of the employment of these children in these factories disables them from availing themselves of the ordinary facilities that exist for receiving instruction at school. They have to be in the factories for certain stated hours and therefore they cannot suit themselves to the hours during which they can receive instruction in ordinary schools. Secondly, under what is known as the split shift system, their presence in the factories is not confined to the actual hours during which they have to work; but they are expected to be about the factories, on the premises or somewhere near by, because their work is divided into two parts and they have to do part of the work in the morning and the other part in the afternoon. Therefore, the total time for which they must be present in or near

the factories is really much longer than the actual period for which they have to work. And thirdly, the parents of most of these children are employed in the factories, and being so employed they are prevented from exercising that supervision over their children which ordinarily they might be expected to exercise. Therefore, Sir, on these three grounds of justice, I urge that the factory-owners should be made responsible for the education of these children. This is only fair, because the factory owners make money out of the children, make money also out of the children's parents, and further work in their employ makes it impossible for the children's parents to exercise that supervision over the education and other interests of the children which they might otherwise have exercised.

Then, Sir, I urge my proposal on the ground of humanity. The sole justification for a measure like this is its humanity, and humane considerations must apply most to that section of the labouring population which is least able to take care of itself. Now, children are obviously the least able to take care of themselves, and therefore, if humane considerations are to apply anywhere and the State is to extend its protection on humane grounds to any section of the labour-population, that ought to be in the case of children. If the children are to be left to themselves, if after six or seven hours' work has been exacted from them they are to be turned into the street there to get into the ways of mischief—without anybody to look after them, their parents being engaged in the factories—then I say the humanity on which the State bases itself in introducing this legislation is not extended to the children.

I think, therefore, Sir, that some provision ought to be made for the education of the children employed in factories, after they have performed their work. The half-timers are between the ages of 9 and 14; I am quite willing that the provision to be made should be for children between the ages of 9 and 12 only. Of course, it is true, as the last Factory Commission has pointed out, that there is no compulsory education for anybody in this

country. It is also true that the Commission has expressed itself against compulsory provision for the education of factory children; but even so, the Commission has recommended very strongly that something should be done to ensure the education of these children and that local bodies and the Government and the factory-owners should all concert measures together for the purpose. The earlier Factory Commission, however—that of 1890—is emphatic in its recommendation that provision ought to be made for the education of the factory children, and I prefer its recommendation to that of the latter Factory Commission. This is what the earlier Factory Commission, which first provided that children should be employed as half-timers only, recommended:

> If our suggestion that children should be employed as half-timers is adopted, it will be found most important to provide some means of instruction during two or three of the spare hours that the children are off work. It is not for us to discuss here the advantages of elementary education, and general control and supervision of the rising generation of operatives. These are too obvious to require any advocacy from us. What we would say is that Local Governments and municipalities should meet mill-owners half-way and, as is done in regard to children under other circumstances, contribute half the cost of teaching factory children. Supposing, for instance, that a mill, employing 100 children, spends 16 rupees a month for two teachers; the Municipality or Government should double this subscription and provide two or more teachers. Looking at it from a pecuniary point of view, the expenditure is so trifling that we cannot doubt that schools would be started without delay in connection with all mills employing a large number of children. It was not to be expected that schools started under the present circumstances could be a success. For it is impossible that a tired and jaded child (there was no class of half-timers before 1890) can work his brain to any useful purpose after his body has been thoroughly worn out with physical exertion.

Then, Sir, our friend, the Hon'ble Mr. Fremantle, in a very interesting report which he submitted some time ago to the Government of the United Provinces on the condition of labour in Upper India, takes up this question and makes a very strong recommendation. I think he puts the case so well that I cannot do better than read to the Council what he says:

> The first step, says Mr. Fremantle, is to compel observance of the law as to the employment of children. When the children

are really employed for only half the day, their parents will, as a rule, be only too pleased that they should be under instruction for part of the rest of the time. The schools might be maintained by the mill managers on their premises and partly supported by grants-in-aid. With proper inspection, there should be no risk of the instruction given being insufficient. Later, if the school became popular, it might be possible to provide by law that no boy or girl under 14 should be employed in a mill unless he or she were under instruction. If this were the law, it would not be the first attempt at compulsory education in India. The Gaekwar has introduced it in parts of the Baroda State, (so it is not only I who refer to the analogy of what the Gaekwar has done; sometimes officials also do the same thing;) 'and the East Indian Railway Company in their fine estate of Giridih enforce attendance at school with excellent results. In Ceylon' (here, again, we have an official mentioning the example of Ceylon) wherever there are Government schools, education is compulsory, and the Commission on Elementary Education which sat recently recommended that planters should be held responsible for the instruction of the children of their Tamil coolies. Managers of mills and factories in Upper India have never yet had their attention specially directed to this matter, and it is quite time that a beginning were made.

What Mr. Fremantle says about managers in Upper India applies equally to managers all over the country. Sir, it is true that on the Bombay side some of the mills have made attempts to provide educational facilities for the children employed in those mills; but the last Commission has come to the conclusion that these facilities were not efficiently provided, and very often they were only a thin disguise for keeping the children on the premises in order that they might be worked more than half time. One essential condition, therefore, in connection with any educational facilities offered is that there must be efficient supervision and that supervision must be provided by the Education Department or whatever body it is that inspects and supervises local schools. But I think, Sir, the first thing to do in this matter is to throw a definite responsibility on factory-owners. It is not an unfair thing to expect, as I have pointed out, that the factory-owners, who make money out of the children, should hold themselves responsible for the education of those children. Of course, it is only fair that the Government and the local bodies should come to the assistance of the factory-owners; the cost may be divided among the three bodies

—the factory-owners, the local body concerned and the Government—in such proportions as may appear to be most equitable; but somebody must first be made responsible for the education of these children, and I think it should be the factory-owners. Even though there is no general compulsory law in India, it is necessary that there should be special provision for factory children for the simple reason that these children are disabled from availing themselves of the ordinary facilities that exist. I therefore trust that the amendment which I have moved will be accepted by this Council.

[*Replying on the debate which ensued Mr. Gokhale spoke as follows*:—]

Sir, I quite understand the position of the Government and I really did not expect that the Government would do more than urge on the Local Governments the necessity of looking into this matter and doing what they could to secure reasonable facilities for the education of children employed in factories. Sir, the whole question has to be considered from a higher standpoint than that which has been taken by some of the speakers who have criticised my proposals. My Hon'ble friend Mr. Dadabhoy expresses the fear—and I am surprised to see that the Hon'ble Mr. Clark concurs in that—that if educational facilities are provided for children employed in the factories, the evil of children being overworked will be facilitated. As a matter of fact, I think, if that is done, the evil will be reduced, because children will be definitely engaged in school, instead of merely loitering about, doing nothing. Of course, I insist on the essential condition that there should be efficient supervision; and if efficient supervision is provided, there would be no risk whatever. It is when there is no school, and the children are asked to remain on the premises or close by the factories, that unscrupulous managers would find it easy to get them to work for longer hours than the law allows, under one pretence or another.

As regards the Bill, to which Mr. Dadabhoy has made reference, let me point out that the Bill has not yet

become law and it will have to encounter such opposition as my Hon'ble friend offered to some of the provisions the other day, before it becomes law; and until it becomes law, it is no use speaking of it as if it was law. Moreover, even if my Bill passes, its application will depend upon the discretion of local bodies, whereas if this amendment is accepted automatically wherever there is a factory population of children, schools will come into existence. Again, my Bill provides only for children between the ages of 6 and 10, whereas this amendment urges that facilities should be provided for the education of children up to 12. At present children from 9 upwards can be employed in factories; if my Bill becomes law, the age limit of employment will be raised by one year, as was proposed this morning by my Hon'ble friend Mr. Quin.

The Hon'ble Mr. Madge spoke of the corpse of my Bill being resurrected in this amendment. The expression used by him suggests a hope on his part that my Bill is dead. Well, we shall see about that. Sir, my object in bringing forward this amendment was to emphasize the necessity of the Government attending to this matter, and to present to the Council the view which I have submitted. That object has been attained by this discussion, and as the Government are unable to accept my amendment, I do not wish to press it.

TAXABLE MINIMUM OF INCOME.

[*On 27th February 1912, the Hon'ble Mr. Dadabhoy moved a Resolution in the Imperial Legislative Council recommending that the minimum of income assessable to the Income-tax be raised to Rs. 1,500 a year. Mr. Gokhale made the following speech on the occasion*:—]

My Lord, I agree with my Hon'ble friends Mr. Subba Rao and the Maharaja of Burdwan that the Hon'ble Mr. Dadabhoy has not selected an exactly opportune moment for the discussion of this question. Not only are we on the eve of the extinction of our opium-revenue, but even taking the date on which this discussion comes up, we are now only within a week of the introduction of the next Financial Statement. I think it would have been much more convenient if the discussion had taken place at any rate after the Financial Statement had been introduced, because then we should have known exactly how we were likely to stand next year. My Lord, a definite proposal for a remission of taxation can at any time be justified only on two grounds: first, that the condition of the finances of the country is so prosperous that some sort of remission is possible; and, secondly, that there is unquestionable hardship caused by a particular impost. Now as regards the first, *viz.*, the condition of our finances, I think its prosperity is a matter which is open to very serious doubt. Only the year before last, the Hon'ble Finance Minister imposed fresh taxes on the country, because, in his view of things, the revenue then raised was not sufficient for the requirements of the State It is true that last year there was a surplus and possibly, owing to the extraordinary circumstances of the year that is about to close, there will be another surplus announced next month. But to determine if a margin of revenue over expenditure is available so as to remit taxation, we must take a larger view of our finances than what would be obtained if we confined our attention to one or two years

only. Very probably in 1913, if the opium-revenue is really extinguished, our finances will pass through a very trying time. I do not think, therefore, that any proposal involving remission of taxation should be seriously considered by this Council until we know where we stand so far at least as our opium-revenue is concerned. But apart from that, there is expenditure, and large expenditure, required in various directions. There is the question of mass education to which an Imperial grant of 50 lakhs a year has already been promised, and which, I hope, will grow more and more as year follows year. There is also the necessity of providing money for sanitation, and then I think one of the great needs of the country is that there should be larger grants-in-aid regularly made to Local Bodies to enable them to perform their work satisfactorily. I think, therefore, that even if it is found that a surplus of revenue exists over the expenditure of the country when the next Financial Statement is introduced, there are so many directions in which that surplus could be usefully spent, and remission of taxation is not the only form in which it can be employed to the advantage of the people. But I will put these considerations aside, and take up the other question, *viz.*, whether this impost causes an unquestionable hardship to the class for whom my Hon'ble friend Mr. Dadabhoy has spoken to-day. Now, my Lord, there is no doubt that, from one point of view, all imposts are burdensome. If every tax is to be discussed solely from the standpoint of those who pay it, I do not think that there will be any tax which will escape adverse criticism. But the State has to look at it from another standpoint. The State has to look at the whole scheme of taxation, first, from the standpoint of its own necessities, and, secondly, from the standpoint of the comparative ability of the different classes to pay their particular share of the total revenue raised from the community. Now, judged by this standard, I really do not think that the class for which my Hon'ble friend seeks a remission has any substantial grievance. It is true that our minimum taxable limit is Rs. 1,000 a year, whereas in England, as my friend has pointed out, it is £ 160. But we must take into account

the different money-values in the two countries—a point which Mr. Dadabhoy has ignored altogether. From that point of view a man who earns a thousand rupees a year here is really better off than one who earns £ 160 in England. My Hon'ble friend's chief argument in favour of his motion is the rise in prices that has taken place since 1903. It is true that there has been a serious rise in prices in recent years, and that must hit hard every buyer of commodities. But have the necessities of the State diminished? If not, how can the burden of taxation be reduced merely because prices have risen? Again, if there is a real surplus, which can be devoted to a reduction of taxation, which class is most entitled to relief? These are the questions which have to be considered, but which my Hon'ble friend has not considered. He compares present prices with those of 1903. But he takes no account of the remissions of taxation which have been made since 1903, and from which the class for whom he has spoken has benefited along with other classes. Thus the salt-duty, which was two rupees a maund in 1903, has been reduced by two successive remissions to one rupee a maund and this fact must be taken into account in making a comparison. My friend has quoted an extract from Lord Curzon's speech, claiming that Lord Curzon promised to raise the minimum limit of the income-tax to a higher figure when the circumstances of the country permitted it. Now I was in the Council at that time, and I am quite sure that that was not the idea present in Lord Curzon's mind. What he had in his mind was that the salt duty would be further reduced, and that promise has been liberally carried out by the Government by two further reductions.

In judging of the comparative ability of different classes to pay, the point to be really considered is whether the scheme of taxation, taken as a whole, hits any one class harder than any other class. Now from that standpoint I have no hesitation in saying—and I have urged this view again and again in this Council—that the poorer classes of this country bear really a larger burden than the class to which my Hon'ble friend has referred or the classes above them. The upper and the middle classes of

the country contribute really much less to the Exchequer than our poor classes relatively to their resources. We have only to glance at the various heads of our principal revenue to see that this is absolutely correct. Our revenue is mainly derived from land, salt, excise, (opium I will leave out, as the opium revenue is contributed by the foreign consumer), customs, stamps, registration, assessed taxes, forests and provincial rates. Now the land-revenue —in raiyatwari tracts at any rate—is largely contributed by very poor people. It is an open question whether this revenue is rent or tax. My own view is that it is partly rent and partly tax. And to the extent to which it is a tax, its burden in raiyatwari tracts falls on very poor people. Then take salt. The burden of salt-revenue falls the heaviest on very poor people. Of course every class consumes salt, but the bulk of it is consumed by the masses of the people. It is the same thing with excise-revenue; the bulk of the excise-revenue comes from the pockets of very poor people. The class for whom my friend has spoken does not use country liquors and therefore it pays nothing to the State under the head of excise. Then under stamps and registration, the poorer classes contribute, relatively speaking, much more than the class whose annual income is between one thousand and fifteen hundred rupees. Under customs, too, the poorer classes bear their share of the burden, though here probably the classes above them contribute more. Under forests, they have to pay for their fuel and the grazing of their cattle. It is only the income-tax from which they are free, but taking the whole scheme of taxation, I maintain that their share of the burden is relatively much heavier than that of the middle and upper classes. No clear case, therefore, has been made out for giving special relief just now to the class mentioned by Mr. Dadabhoy. There are, however, one or two suggestions which have come from my Hon'ble friend with which I am in agreement. I think that while the minimum taxable limit might be kept at Rs. 1,000, the principle of abatement should be introduced into this country. It is a just principle and is found in operation in many civilized countries; and I think it is only just that there should be some abatement granted to those who are just above the

minimum limit. I think those whose incomes are between Rs. 1,000 and Rs. 1,500 or Rs. 1,000 to Rs. 2,000 should have some reduction made as regards the amount on which the tax is assessed. Then I also agree that in the case of joint stock companies or those who have an income of Rs. 50,000 a year, there might be a little higher rate of taxation. I do not think that that will hit anybody much, but will make up to some extent for the loss that will be occasioned by the granting of abatements in the case of those whose incomes are between Rs. 1,000 and Rs. 2,000. I also agree with my friend the Hon'ble Mr. Subba Rao that the chief grievance in connection with the income-tax is the manner in which the tax is collected. The assessments are notoriously haphazard, and there is no real relief in the shape of appeals, as they are now heard. Some better machinery has got to be devised in order to give relief to those—and their number is large—who suffer from the vagaries of the assessing officers. If that were done, and if the principle of abatement were introduced with a higher rate for those who are above a certain limit, I think the requirements of the situation would be largely met.

LORD INCHCAPE'S INQUIRY.

[On 23rd February 1912, Mr. Gokhale, in moving a Resolution in the Imperial Legislative Council recommending that all available papers and correspondence relating to Lord Inchcape's Inquiry be laid on the table of the Council, spoke as follows :—]

My Lord, I beg to move—

That this Council recommends to the Governor-General in Council that all papers and correspondence relating to the appointment of Lord Inchcape to conduct his present inquiry into the Railway Administration of India, which may be in the possession of the Government of India, be laid on the table of the Council.

Hon'ble Members have no doubt read in the papers that last month an inquiry was held here into certain matters connected with the Railway Administration of this country by Lord Inchcape, with the assistance of a Conference attended by the Chairman of the Railway Board and other officers of Government on the one hand and by the Agents and some of the Directors of the several railway companies on the other hand. Now there are several points connected with this inquiry which appear to be shrouded in obscurity and need clearing up, and my object in bringing this question before the Council to-day is to invite the Government to throw what light they can on those points. One unfortunate circumstance connected with this affair is that the public have been left to pick up what information they could entirely from unofficial sources, from articles and paragraphs in newspapers. From beginning to end there has been absolutely no official statement of any kind on the subject. Towards the end of last year, a paragraph went the round of the Press, and that was the first intimation we had of this inquiry, that Lord Inchcape was coming out to India this cold weather to look into certain matters that had arisen between the Railway Board and the Railway Companies. As, however, there was no official announcement of the appointment,

many of us naturally thought that the paragraph only represented an attempt on the part of some clever journalist to anticipate events, intelligently or otherwise. At the beginning of this year, however, we were told again by the newspapers, that Lord Inchcape had actually arrived, and later on that he had set about making arrangements to hold his inquiry. Then we saw—this too in the papers—that a Conference was held, to which I have already referred—a Conference at which the Hon'ble Mr. Clark was present as an interested visitor and which was attended by the Hon'ble Sir James Meston with a sort of a watching brief on behalf of the Finance Department. Finally, my Lord, we learnt yesterday from the newspapers that Lord Inchcape had completed his labours and was going to submit his report to the Secretary of State by last evening's mail. Now the first question that arises in this connection is, why was no official statement made at any stage of these proceedings on this subject? Government very rightly issue Press notes now on many matters, either to supply information or to remove misapprehensions. Only the other day a Press communique was issued by the Education Department, correcting a mis-statement that had found its way into the columns of the papers that out of the 50 lakhs of Imperial grant to Education announced at Delhi, 12 lakhs had been assigned to Bombay. If it was thought necessary to set right a mis-statement of that comparatively minor character by means of a Press communique, I really do not understand why no Press communique was ever issued on this subject of Lord Inchcape's inquiry. It cannot be said that there was no adverse criticism on the subject in the Press. So far from that being the case, many Indian newspapers, and at least two Anglo-Indian papers, the *Indian Daily News* of Calcutta and the *Times of India* of Bombay, had passed very strong criticism on the whole proceeding, the criticism of the *Times of India* being the most direct and the most powerful. My first question, therefore, is, why was no official statement of any kind issued at any time on the subject so as to prevent or remove misapprehensions in the public mind? My second question is, what was exactly Lord Inchcape's

position in this inquiry? It has been suggested—I have seen it in the papers, I think it was in the *Indian Daily News*—that Lord Inchcape had come out to this country as a sort of a plenipotentiary from the Secretary of State: and the *Times of India* spoke of Lord Inchcape's 'mission' in connection with railway matters. The impression left on my mind, after carefully reading what has appeared in the papers, is that Lord Inchcape undoubtedly came with a large and undefined discretion, the terms of reference not being fixed and the scope of inquiry not being settled beforehand. Now I want to know if this is true, and if so, whether any representation was made by the Government of India to the Secretary of State in regard to this matter. The next question that arises is, if Lord Inchcape really came out like this with an unfettered discretion, what was the position of the Government of India in the matter? No one recognises more than I do the importance and necessity of Parliamentary control over Indian affairs, and that control, we all see, can be exercised only through the Minister who is responsible to Parliament for India. And no one questions the Secretary of State's competence to order an inquiry in regard to any affair connected with the administration of India. What I contend, however, is that such inquiry must be through the regular channel. If a Royal Commission is appointed, the Commission would necessarily report to the King; but if a Committee is appointed or an individual deputed to make any inquiry, it is only right and proper that the report of such a committee or individual should be submitted through the Government of India. If what we have read in the papers be true, namely, that the report of Lord Inchcape has been sent direct to the Secretary of State, I wish to ask why this clearly irregular procedure has been adopted; also if there has been any protest against this on the part of the Government of India as a whole—for the procedure adopted is calculated to lower the Government of India in the eyes of the people—or on the part of the Industry and Commerce Department, or on the part of the Finance Department. I can call to mind three instances where individual experts selected by the Secretary of State came out to this country to advise the Govern-

ment. But they were appointed either at the instance of the Government of India or in consultation with that Government. Thus Sir Hamilton Frere-Smith came out to inquire into the condition of factories; Mr. Robertson came out to inquire into our Railway Administration; and Mr. Newlands came out to enquire into the working of the Telegraphs. But in all these cases, though the appointment was made by the Secretary of State, it was made either at the instance of, or in consultation with, the Government of India; and these individual experts submitted the results of their inquiry to the Government of India in the first instance, which the Government of India then forwarded to the Secretary of State, as they always do in all important matters. I believe the forthcoming inquiry by Sir William Nicholson's Committee will also proceed on similar lines, and the report will be submitted through the Government of India and not to the Secretary of State direct. If the Secretary of State is to send out an officer of his own or a private individual—and Lord Inchcape is only a private individual now—to make an inquiry into matters of administration, independently of the Government of India, and if the results of such inquiry are to be communicated direct to him, I must say that this would be a dangerous innovation, opening the door wide to serious complications, and unless a protest is made in time both by the Government of India and by this Council against proceedings of this character, I am not sure that harm—and serious harm—will not be done in future even if no harm has been done in the present case.

My Lord, there is one more point in this connection, about which I wish to say a word. It is a matter of common knowledge that the relations between the Railway Board and the Railway Companies have not been very smooth for the past two or three years, because the Railway Board has tried to tighten its control over the Railway Companies mainly in connection with the growth of working expenses. Well, the Railway Board in its turn has responded to pressure put upon it, first, by the Finance Department, and, secondly, by the criticisms that have been offered here by non-official Members in the

matter. I rejoice that the Railway Board is now exercising a firmer control over the companies, and I earnestly hope that it will become even more stringent in the future. If, however, such control is felt to be a grievance by the Companies, the proper way to deal with the grievance is to order a regular inquiry into it. One cannot help thinking —and I base myself only on what has appeared in the papers—that the powerful Railway Companies, with their influential Directorates, and their comparatively easy access to the Secretary of State in London, have succeeded in inducing the India Office authorities to send out Lord Inchcape so that matters might be made easier for them. Of course I have no official authority for making this statement, because nothing is known authoritatively, but this is the impression left on my mind by all that has appeared in the papers on the subject. Now in a matter of this kind, it is not the interests of the Companies only that have to be considered, but the interests of the taxpayers also must be taken into account, and the interests of the taxpayers are represented in this controversy first by the Finance Department and next by the Railway Board. Moreover, it cannot be said that Lord Inchcape is an expert in matters of railway administration. As a matter of fact, in that respect we have at the head of the Railway Board a gentleman, with almost ideal qualifications, one who was an Agent of an important railway and is now a trusted officer of Government responsible for spending its money economically. However, whatever may be thought of the necessity of inquiring into the matters at issue between the Railway Board and the Railway Companies, I feel bound to say that such inquiry should not have been entrusted to Lord Inchcape. My Lord, I refer to this aspect of the question, because an important point of principle is involved in it. Lord Inchcape is the senior partner of a big commercial house in this country, having extensive dealings with Railway Companies. Of course everybody has the highest respect for his Lordship personally; after a most distinguished career as a business man in India, he retired to England, and there he was for a number of years a member of the Secretary of State's Council; he has served the State in various capacities

with conspicuous ability, and his services have raised him to his present eminent position. No one will for a moment suggest that such a man is likely to be influenced in the recommendations that he would make by his business relations with Railway Companies; but there is such a thing as an unconscious bias from which even the most eminent of men are not free, and it is casting no reflection on Lord Inchcape to say that, as a great business man, he is apt to be more impressed by the importance of increased railway expenditure and the difficulties of Railway Companies than by the necessity for those safeguards which have been devised by the Finance Department and by the Railway Board to ensure economic administration. If his recommendations, therefore, result either in relaxing the control of the Railway Board over the growth of working expenses or in increasing the annual budget of capital expenditure on railways, this Council will certainly have very serious cause for complaint. There is thus room for very real anxiety in the public mind as to what the whole of this proceeding will lead to, and I have brought this motion before the Council in the hope that papers will be laid on the table and all doubts cleared up in the matter.

[*Replying on the debate which ensued, Mr. Gokhale spoke as follows*:—]

My Lord, it may appear strange to this Council that while a Member of the Government of India is prepared to—I won't use the word 'condone,' but I will say accept—what has been done by the Secretary of State in this matter, non-official Members should stand up and urge the view that the proceeding detracts from the dignity and the position of the Government of India. But the Hon'ble Mr. Clark has carefully evaded the direct issues which I had put to him. What I wanted to know was—was the Government of India consulted before Lord Inchcape was appointed? Did the Government of India agree to the inquiry being conducted by Lord Inchcape in the manner he did? And are the Government of India prepared to accept the position that the Secretary of State may send out anybody he likes to

make an inquiry independently of the Government of India and to send a report to him behind the back of the Government of India? Of course, a report submitted to the Government of India must go to the Secretary of State in case of such inquiries before final orders are passed. But that is another matter. What I object to is the report going direct to the Secretary of State, for practically it means that the whole inquiry is independent of the Government of India. If the Hon'ble Member is prepared to accept such a position for the Government, of which he is a member, all I can say is that that is not the position which the Government of India should hold in these matters. As the purpose of my motion has not been met by the answer that the Hon'ble Member has given, I must press for the Resolution being put to the vote.

THE CIVIL MARRIAGE BILL.

[*On 26th February 1912, the Hon'ble Mr. Basu moved in the Imperial Legislative Council that the Civil Marriage Bill be referred to a Select Committee. Mr. Gokhale, in supporting the motion, spoke as follows* :—]

Sir, after the speeches of the Hon'ble the Home Member and the Hon'ble the Law Member, it is clear that there is no chance of this motion being adopted by the Council. In spite of this, however, I would like to say a word, by way of appeal, to the Government to ask them to reconsider their position even at this last moment and let the Bill proceed to the proposed Select Committee. It is quite true that a very large majority of our countrymen are strongly against this Bill. At the same time even the strongest opponent of the Bill cannot deny that there is a very influential and enlightened minority in support of the Bill. That being so, I think it is due to the supporters of this Bill, to their position in the country and to the interests of Indian progress which they represent, that the Government should allow the Bill to be examined by a Select Committee; because it is only a Select Committee that can properly examine a measure of this kind. Personally, Sir, I am strongly in favour of the Bill. It is quite true, as we have seen from opinions expressed both in this Council and outside, that the Bill represents ideas which are in advance of the views of the bulk of the Hindu and Muhammadan communities to-day; but I am quite sure that with the spread of higher education among Indian women, with late marriages coming more and more into vogue—and late marriages must lead to choice marriages, *i.e.*, to free choice by the marrying parties—with these things coming, with the dignity of individual freedom realised better and better, and last, but not least, with the steady fusion of different creeds and different races, which is bound to take place under the stress of our growing nationality, to which my Hon'ble friend Mr. Ali Imam referred—a reference which seems to have been

misunderstood by my Hon'ble friend Mr. Mudholkar—I say, under all these influences, the day cannot be far distant when a measure like the one before us will find its way to the Statute-book. And, Sir, when that day comes, the labours of my Hon'ble friend will be duly recognised. For the present, however, we must admit that owing to the apprehensions of orthodox people that have been aroused, and the attitude which the Government have adopted in this matter, the passing of this Bill becomes practically an impossibility. But that does not mean that the opportunity which has now arisen to examine the question of amending the law of 1872 need be thrown away altogether. Sir, there is a strong feeling in some quarters that this opportunity may be utilised at least to give relief to certain sections of the Indian community—certain denominations—who have a real and reasonable grievance under the existing law, without wounding the susceptibilities of other sections. To mention only one suggestion out of several, if the Bill were so amended that instead of omitting the present negative declaration of the Act of 1872, that declaration was retained with an *alternative* positive declaration added, saying that a person belonged to one of the Churches enumerated, that, I think, would meet the requirements of the Brahmo community and I do not think that there would be any objection to this on the part of even the most orthodox people. Under such a provision, a person would be able to come under the Act either by declaring that he or she did not profess this, that, or a third faith, or by saying that he or she was a member of this or that Samaj or Church. I gather from what the Hon'ble Maharaja of Burdwan and the Hon'ble Mr. Malaviya said to-day that they would have no objection to such an amendment. If the Select Committee is disposed to examine the question in this spirit and find some such way out of the difficulty, I do not see why that should not be allowed by the Council. I do not see, Sir, why the whole of the Bill should be lost altogether—why we should not try to save as much of it as we can.

One more thing. My Hon'ble friend has proposed a Select Committee on which official Members are in a major-

ity. The question will therefore remain under the control of the Government even in Select Committee. If my Hon'ble friend, the mover of the Bill, takes at any stage a line in the Committee which the Government are unable to approve, they can prevent a favourable report being made to the Council, and even at the last moment they can throw out the Bill in Council. I would therefore make a strong appeal to the Government to reconsider their decision and allow this Bill to go to the Select Committee.

THE POLICE ADMINISTRATION.

[*On 27th February 1912, the Hon'ble Mr. Basu moved a Resolution in the Imperial Legislative Council recommending the appointment of a Committee of officials and non-officials to inquire into Police Administration in India and the necessity for amending the law relating to confessions in Criminal cases. Mr. Gokhale, in supporting the Resolution, spoke as follows* :—]

Sir, I rise to support the Resolution which my Hon'ble friend Mr. Basu has moved for the adoption of the Council, and in doing so I would like to say at the outset that because non-official critics of the police administration of this country deem it their duty to make complaints about the character of that administration, whether in this Council or outside, they should not be understood, on that account and by reason of that fact only, to lay the blame of the defects of that administration at the door of the British Government as such. I am free to confess, Sir, that the police administration in Native States is as bad as in British territories, if anything, even worse; and I will go further and say that from such records as we have of pre-British days, for instance, at Poona, which was at one time the capital of the whole Mahratta Confederacy, things were as bad as in these days. The difficulty in discussing this question calmly arises from the fact that when a complaint is made about the defects of the present-day police administration, high English officials deem it their duty, owing to the very peculiarity of their character—and that is really one of the strong points of their race—to stand by the instruments whom they employ and interpret such criticism as directed against themselves, and that imports feeling into a discussion which otherwise might very well be conducted without feeling. It is quite true, Sir, as has been pointed out by several Hon'ble Members, that the inquiry by Sir Andrew Fraser's Commission is a comparatively recent inquiry; but since the Commission reported, two questions have come very prominently to the front.

One is the manner in which confessions are obtained and the general unreliability of such confessions, and the second is the manner in which the work of the new Criminal Investigation Department is done. As regards confessions, the Under Secretary of State for India stated some time ago that the Government of India were considering the matter, and that an amendment of the law on the subject would shortly be undertaken. And I, for one, expected that this session legislation would be introduced on the subject. Very probably the Law Member is going to take part in this debate. I see he has been taking notes. At any rate, I hope he will, and I trust he will tell us when the legislation outlined by the Under Secretary for India will be produced. As we have been assured that the Government themselves are considering this question, I think my Hon'ble friend, who has moved this Resolution, will be satisfied if a statement is made as to the intentions of Government on the subject.

The other question, namely, the operations of the Criminal Investigation Department, stands on a different footing. When Sir Andrew Fraser's Commission inquired, the Department was not constituted on its present basis. In reply to a question which I put last year in this Council, the late Home Member laid on the table a statement showing the growth and cost of the Department from year to year since 1905, when the Department was first created. The cost has been going up very largely, but that is a financial matter which I do not want to raise to-day. What I however want to say is this. The Department, on its present basis, has been in existence for the last seven years and there is so far no sign that its operations would be curtailed. Now, Sir, I am free to admit that during the somewhat anxious times through which the Government had to pass during the last few years, it was perhaps necessary for the Government to devise a machinery whereby they could keep in touch with the various movements that existed or were being started in the country. I am speaking with special reference to the political branch of the Criminal Investigation Department. I am also free to admit that while there was room

for anxiety in many directions, and the activity of the Department, such as it was, was at its highest, it was perhaps no time to undertake an inquiry into what was going on. Of course many things have been done by this Department which should not have been done; many reports have been submitted which ought not to have been submitted; many individuals have been shadowed, harassed and falsely accused, who should never have been subjected to such treatment. As long, however, as there was any room for anxiety, the Members of this Council refrained from urging an inquiry into the methods or operations of this Department. But, Sir, everybody now admits—the Government itself admitted this last year in the course of the discussion on the Seditious Meetings Bill—that things are settling down, and very rapidly settling down; and if any pointed proof of it was further required, it has been furnished by the demonstrations of loyalty which greeted Their Imperial Majesties on all sides, when they recently visited this country. And I am quite sure that there is now no serious difference of opinion on the subject between officials and non-officials, that both alike think that things are settling down and that there is not the same necessity for the Government to feel anxious as they perhaps had during the last few years. Surely, then, now is the time when an inquiry should be made into the operations of a department which is causing the utmost irritation among the people—especially among the educated classes—in a manner, of which I do not think that the Government have a very clear or adequate idea. Sir, my Hon'ble friend, Sir Gangadhar Rao Chitnavis, the 'ideal citizen' of Central Provinces as we were told yesterday, a man happy in the consciousness of high official appreciation, has just asked us to believe that in the Central Provinces the Criminal Investigation Department is all right. Well, Sir, what will the Council think if I state—and I do this on most excellent authority—that even my Hon'ble friend has not escaped the attentions of this Department, to which he has just given a certificate and has not escaped anxiety on account of its operations? Even he had reason to complain that he was made the subject of an adverse confidential report, which was brought to his notice before

it could do him any harm, because he has friends among officials, but which did cause him very considerable anxiety at the time!

I will give the Council another instance of how the Department is no respector of persons. My Hon'ble friend to my left—Sir Vithaldas Thackersey—a man respected alike by officials and non-officials, a man who generally keeps to non-political activities and confines his utterances to subjects which are specially his own, expressing himself, no doubt, with independence, but evoking the respect of all by his utterances—even he has been honoured by the attentions of this Department. My friend went last month to visit Dacca. He went there, as this is the last session of this Council that will be held in Calcutta, and he thought that as he might not come this side again, he should go and see Dacca. And he went there just for a few hours merely for the purpose of sight-seeing, as the guest of the Nawab of Dacca, and from there he went further to Chittagong to acquaint himself with the possibilities of that place as a port, and a centre of trade. Well, a day or two after he left Dacca, a paragraph appeared in one of the Dacca papers—I had copy of it sent me, and I sent the cutting to Sir Vithaldas—saying that some police constables belonging to the Criminal Investigation Department were sedulously making inquiries about one Sri Vital Das Thakur Das (that was the way how his name was put in the paper) about the object of his visiting Dacca and what he was doing there. Now, Sir, if people like Sir Gangadhar Chitnavis and Sir Vithaldas Thackersey do not escape the attentions of this force, is it any wonder that more humble and less fortunate persons like myself fare worse than this? As a matter of fact I must say I have been receiving such attentions for a very long time, but I have always taken it as in the day's work. My life is frankly given to national work, and I am free to recognise that the Government may think it necessary to keep in touch with all who are engaged in such work. What we are entitled to expect, however, is that the men, who are employed in this duty, shall do their work in a less clumsy and offensive manner than that in which they

do it at present. I will give the Council an illustration from my personal knowledge. I belong to a society of young men—I mean the other members are young men, though I am myself getting on in years—which has been brought into existence to supply a long-felt want, namely, that of young men, trained in the study of public questions, and engaged in public work in various fields as wholetime workers. Now we may be right or we may be wrong in our view of things, in our estimate of the requirements of the situation. We have made up our minds to serve our country according to our lights, and we are prepared to accept the full consequences of our choice. And if the Criminal Investigation Department of the Government wishes to keep in touch with our movements, let it do so by all means; but we are certainly entitled, as peaceful citizens of this country, to expect that we should not be subjected to undue annoyance. Now, Sir, some time ago one of the members of our society went to the United Provinces to take part in the famine relief operations. He did such excellent work there in that connection that Sir John Hewett thought it necessary to recognise the work in his Famine Report; and yet this gentleman was subjected to such open and continuous annoyance by the men of the Criminal Investigation Department that ultimately he had to complain publicly of it in the papers. He was not only openly accompanied by these men wherever he went, but one of them began to go the length of insisting on sitting on the coach box of hackney carriages engaged by him for going about. Another member of our society had, for a long time, a cyclist detective assigned to him. The gentleman in question is not even a fast walker—and rather inclined to be corpulent—and an ordinary policeman, walking at an ordinary pace, might well have sufficed for this purpose; but the Department assigned a special cyclist to him. Now, Sir, though I am speaking somewhat lightly of the matter, all this is really most grossly offensive—to put it no stronger than that. I do not say that they should not watch our movements, if they want to do so, though I strongly feel it is most foolish that Government should thus let loose a number of unscrupulous men, such as most of

the Criminal Investigation Department men are, on innocent people. But, in any case, it is necessary that all this shadowing should be done in a less offensive and less clumsy manner. Again, Sir, the reports submitted by these men are secret. Nobody knows what is contained in these reports, and everybody's good name is at the mercy of these people. I know of a report which was once submitted against me and for which there was absolutely no foundation. I came to know about it simply through the courtesy of the Political Secretary to the Bombay Government, who happened to entertain a kindly feeling for me. I had made a speech at a mufassal place in the Bombay Presidency. Sometime after, I happened to meet this officer at a party, and he asked me to go and see him the next day in his office. He then asked me what things I had been saying, and he put the report into my hands. I was amazed to read it. I told him that I had never said any of the things attributed to me. He laughed and said, of course he knew that I could not have said such things and he never took the eport seriously. Now, Sir, this officer discredited the report because he knew me personally. But for one man whom these officers know personally, there are ten, a hundred, a thousand men whom they do not know, and against whom reports are daily submitted—reports on which officials very often act. It is therefore necessary that an inquiry should now be ordered into the operations of this Criminal Investigation Department. The fact is this : a number of uneducated and in many cases unscrupulous men have been engaged for the work. The work as such is necessarily regarded disreputable and is looked down upon in every society. A man who goes about surreptitiously and tries to find out behind the backs of people something about them, must necessarily suffer from that disadvantage. Therefore you cannot get good men for this work and I recognize that that constitutes a serious difficulty ; but some way must be found out of it. For great irritation and bitterness is being caused in the minds of thousands of innocent people by the dangerous and unscrupulous activity of the Criminal Investigation Department men. Therefore, Sir, an inquiry must now be immediately undertaken into the

whole of this business—into how these men are appointed, what their qualifications are, how they perform their duties, what supervision there is on them, and what reliance is placed on their reports.

The very fact that things are settling down again, makes such an inquiry all the more necessary. For these men have to justify their existence, and, therefore, in the absence of anything really worth reporting, they are sure to make up things which do not exist and report them to the Government. I, therefore, strongly support the motion of my Hon'ble friend.

DISTRICT ADVISORY COUNCILS.

[*On 27th February 1912, Mr. Gokhale in moving a Resolution in the Imperial Legislative Council recommending the creation of District Advisory Councils, spoke as follows*:—]

Sir, I beg to move that this Council recommends to the Governor-General in Council that steps should now be taken to bring district administration into closer touch with the people by creating, as far as possible, in every district in the different Provinces a District Council, composed of not more than nine members, partly elected and partly nominated, whose functions should be merely advisory to begin with, and whom the Collector should ordinarily be bound to consult in all important matters.

Sir, one of the most important and at the same time one of the most difficult problems connected with the Government of this country is how to liberalise the character of our district administration and to bring it into closer association with those who are affected by it. Leaving our local bodies for the time out of account and taking a broad survey, the fabric of our Indian administration may roughly be said to have the district administration for its base, the Provincial Governments and Administrations, in some cases with Executive Councils, in most with Legislative Councils, for the centre, and the Government of India with its Executive and Legislative Councils for the top, the Secretary of State with his Council standing behind all and above all, representing Parliamentary sanction, Parliamentary initiation and Parliamentary control. To put the same thing in another way, Sir, one might say that the immediate responsibilities of day to day administration rest on district officers, while the larger responsibilities of the administration, including the work of guidance and control, as also of initiating policies and developing them, belong to the Provincial and Supreme Governments and to the Secretary of State. Now, Sir,

before the reforms of the last five years were introduced, the character of this administration was frankly and almost entirely bureaucratic. I use the term in no offensive sense, but simply to mean that it was administration by officials conducted with the aid of official light, and under merely official control. There was no provision in the whole machinery of administration, from top to bottom, for the direct and responsible representation of what might be called the Indian view of things, if one may speak of such a thing as the Indian view, in spite of our numerous differences among ourselves at any set of authority; and there was no responsible association of our people with any portion of the administration. The reforms of the last five years, however, by admitting Indians to the Secretary of State's Council, and to the Executive Councils of the Governor General and of Provincial Governments have, in the first place, provided for the direct and responsible representation of the Indian views at the principal seats of authority. Next, Sir, by enlarging the Councils, room has been found on those bodies for the representation, inadequate and unsatisfactory as it is, of different interests in the country, and lastly and above all, by the expansion of the functions of these Councils and in particular by the power of introducing Resolutions, which has been conferred upon members, we have been enabled to raise discussions on matters of public interest face to face with responsible officials; and this has on the one hand given a new sense of responsibility to the critics of the administration, and on the other it has ensured a proper and careful examination of our suggestions and our grievances at the hands of the Government, such as was not possible or was not deemed necessary before. Of course, we are yet a far way from having a real effective voice in the administration, leave alone the question of exercising a direct control over it; but what the recent reforms have achieved is that they have started a system, which tends more and more to substitute an administration conducted in the light of day, and under the eye of public criticism, for an administration conducted in the dark and this undoubtedly is a great step in advance. So far, therefore, as the centre and the top are concerned, the adminis-

tration may now be said to be considerably liberalized, and we must all recognise that the fullest possibilities of these changes will have to be worked up to before the necessary momentum is gathered for a further advance. Our district administration, however, continues to be where it was not only five years ago, but, if we leave out of account the small measure of local self-government given by Lord Ripon, it continues to be where it was more than a hundred years ago. It is true that the position of the Collector—and I used the word 'Collector' to represent the head of the district, though in Non-Regulation Provinces that term is not used—has been considerably modified as regards his relations with other officials during the last 100 years and more, first by the creation of Commissionerships (that institution is itself three-quarters of a century old); secondly, by the multiplication of central departments; and thirdly, by the gradual evolution of a uniformity of administration which has rendered strong secretariat control both necessary and possible. But while the old position of the Collector in relation to other officials has thus been considerably modified so far as the people are concerned, there has been no improvement in the situation: if anything, the position has grown worse. This fact was freely admitted by witness after witness before the Decentralization Commission, and those who appointed the Commission were themselves fully alive to it, because one important object of the enquiry was stated by them to be how the district administration could be brought into closer touch with the people. There is no doubt that the present position of the Collector, so far as the people are concerned, is, in one sense, much weaker than it used to be. In the first place, owing to excessive secretariat control, he is unable any longer to grant redress on the spot. Secondly, owing to the multiplication of numerous central Departments, harassing departmental delays have become inevitable in the disposal of matters which, properly speaking, in the interests of the people, should be disposed of on the spot under the authority of the Collector. Thirdly, owing to the spread of English education in the country and other causes, there is not the same mastery of Indian languages now attempted by Collectors

that they used to acquire before. Fourthly, the writing work of the Collector has increased enormously; he is thus tied largely to his desk, and therefore unable to acquire that same acquaintance with the requirements of the people that his predecessors were able to acquire. And, lastly, his back has been stiffened by the growth of political agitation in the country, and he has been, so to say, driven more within himself. All these factors have tended to affect his position for the worse, so far as administering the district in the interests of the people is concerned. The Decentralization Commission, which freely admits the existence of these defects, and which was appointed to suggest a remedy, was, unfortunately, so constituted that its eye was fixed more on official remedies than on non-official remedies. There was only one Indian member on it, and he too was an ex-official. But he was one of our foremost men and he was in favour of the proposal which I have laid before the Council to-day. All the members, with the exception of two, belonged to the Indian Civil Service, and the two outsiders had no knowledge of the country. The Commission therefore started with what I would call an official bias, and it did not seriously enquire into those remedies which may be called non-official remedies for the state of things which I have already described. The Commission suggested a large measure of delegation of powers from higher authorities to the Collector—an official remedy, pure and simple. However, as the mischief is admitted by everybody, the Council will recognize that it is desirable that the question should be examined from every standpoint, and any non-official remedies that can be suggested fully discussed; and it is because, Sir, I think that the proposal contained in my resolution is such a remedy—a remedy which seeks to associate non-officials with the work of administration—that I have brought forward the matter before the Council to-day.

Sir, there are those who regret that the old order has passed away, that the old autocracy of the Collector is no longer possible. It is significant, however, that some official witnesses themselves do not share this regret, and recognise frankly that the past cannot be recalled. The

past really never returns, and in this matter, even if the past could return, I think it would not be desirable that it should return, for things are not where they were a century or even half a century ago. There is a new element introduced into the situation by the growth of an educated class in the country—an educated class that is entirely the creation of British rule. Now, by the educated class, I do not merely mean, what many of the witnesses before the Commission meant, namely, lawyers and other members of the learned professions. Sir, it is a pity that so many officials adopt an attitude of sneering particularly towards lawyers. Such an attitude, for one thing, is singularly inappropriate from the representatives in this country of a nation, which has at the present moment for its Prime Minister, for its Chancellor of the Exchequer and for its Minister for War, three lawyers in England. Sir, however, some officials may sneer at the lawyer element in India, the non-official public will always recognize—and I can make this acknowledgment with the less hesitation because I am no lawyer myself- that we owe a debt of gratitude to the lawyers for the manner in which they have built up the public life of this country. But though our lawyers are still our most independent element in public life, they are not the only persons who came under the category of the educated class. It is not only the lawyers or the school-masters or the editors that constitute that class; the educated men of the land-owning or mercantile class are also included in the description; men like my Hon'ble friend Sir Gangadhar Chitnavis who sits behind me, or my friend Sir Vitaldas Thackersey who sits on my left. Surely men like these gentlemen, who have come under the influence of Western education in the same way as others, are as much included in the educated class as any others. It may be that the special peculiarities of their position impose special restrictions on the way they express themselves. That is another thing. But we know for a fact that they hold more or less the same views as other members of the educated class. It cannot indeed be otherwise. Now, Sir, it is a matter of regret that the attitude of many official witnesses towards the educated class should be what one finds it in the

evidence given before the Decentralization Commission. It is true that that was four years ago, when the atmosphere in the country was considerably heated, and one should not recall these things more than can be helped in these days, when the sky is clearer and the atmosphere cooler. However, as this is a matter of some importance I deem it necessary to make one or two observations before I leave it. Sir, there is no doubt whatsoever that the incessant criticism to which some members of the educated class subject the administration of the country, often tries the temper and exhausts the patience of the official class—especially when that criticism is ill-informed as it sometimes is, and takes the form of an indiscriminate denunciation of the official class. But when expressions of impatience and annoyance are used towards the educated class or ebullitions of temper are permitted in official documents intended for publication, all I can say is that such a thing serves no good purpose whatever. Of course these are things to which an exaggerated importance must not be attached, but the plain fact has got to be recognised that mere impatience on the official side cannot now abolish the educated class, just as indiscriminate attacks by non-officials cannot abolish the official class. The fact of the matter is that the two sides have got to get on together in this country for the good of the country; and it is to be hoped now that the atmosphere has been largely cleared, thanks, among other things, to the King-Emperor's visit, and under the new influences that one feels on all sides that there will be less and less of this impatience on the one side and of indiscriminate denunciation on the other. Well, Sir, I was saying that the growth of this educated class introduced a new element into the situation which makes a return to the old autocracy of the Collector now absolutely impossible. You have got to give an interest to this class in the administration of the country. It is not enough now that the administration should be carried on efficiently and honestly by the officials; it is further necessary that representative Indians of education and position should be associated with administration. These men have grown up with ideas about Government different to those with which their

forefathers were brought up. If you keep them out of the administration, they will become mere critics of the administration. Now, the limits of fair criticism are soon reached, after which there can be only unfair criticism. If you have a large section of the community in the position of mere critics, fair criticism being soon exhausted and unfair criticism having set in, each succeeding critic tries to go one better than each preceding one and thus the criticism passed tends daily to become more and more unfair. In the interests of the administration itself, therefore, it is necessary to admit the educated class of the country to a share in the responsibility of administration and to give it an interest in that administration. Therefore, Sir, there can be no more a return to the past. If that is accepted, and if the state of things is as I have already described it to be, what is the remedy? That is the next question. Let us recapitulate again the requirements of the situation. Those requirements, to my mind, are three. In the first place, we want more government on the spot, and more expeditious government. These departmental delays and this excessive reliance upon the secretariat—from these the District Officer ought to be freed. More expeditious government, more government on the spot; that is the first requirement. The second is, an interest in the administration must now be given to the educated class that has come into existence; an educated class with which the official class must, moreover, learn to get on: and the third is that provision must be made for the grievances of the district being ventilated in a responsible manner in the district itself. This is an aspect of the question to which I attach great importance. If these grievances have to be taken to the Provincial Administration, and have to be brought up for discussion in the Provincial Councils, what happens is this. The grievances from the whole province gather together, and come in one stream, so to say, before the Provincial Government;—in one stream, when a meeting of the Legislative Council happens to be held; and that conveys an altogether erroneous idea about the whole administration, as though things were wrong here, there, everywhere. What is necessary is that as a grievance arises it should be dealt

with as far as possible on the spot. There should be opportunities available to the people to bring it in a responsible manner before the head of the district and have it removed. Then it ceases to be a subject of discussion in so many homes. Then it ceases to breed that poison which gradually comes to fill the air and does infinite mischief both to the Government and the people. These, then, are the three requirements of the situation. Now my proposal is that the Government should take steps to create in each district an Advisory Council, constituted on the lines I have indicated. Of course, the suggestions are only tentative, and the actual details will have to be carefully worked out before a change of this magnitude is introduced by the Government. But I should like an Advisory Council in each district, partly elected and partly nominated. Supposing it is a Council of 9, I should have 6 members elected, and 3 nominated. Or if it is a Council of 12, I should have 8 elected and 4 nominated. I should leave the power of nomination into the hands of the Collector, who will then be able to appoint men who do not care to stand for election, but whom it is desirable to have on the Council. But a majority of the Council must come in by election because it is the only way known to modern times, by which you can give responsible representation to different interests. A Council then should be created in every district as far as possible, of which two-thirds, or any other proportion of more than half, should be elected, and the rest, less than half, nominated. This Council, to begin with, should have only advisory functions, though they need not always remain advisory if the experiment proves a success. In this country in our exceptional situation we can progress only tentatively, and from experiment to experiment as each experiment succeeds. If the proposed experiment proves a success, more responsible powers could certainly be entrusted to the Councils in due course. It is necessary that the Advisory Council should be a small body, in order to meet the objection that has been raised by some that it might otherwise degenerate into a talking body. A body of nine or ten members sitting round a table with the Collector, assisted by other district officers, meeting once a month, would

be able to dispose of a lot of business on the spot, which at present involves endless delays and indirectly to get rid of a lot of poison which now gathers in a district from day to day, and which tends to vitiate the air in a manner truly regrettable. This is roughly the proposal that I am putting forward. I may mention that there is an analogy for this in Western countries. On the continent of Europe I find in several countries bodies like the Council that I am proposing, only possessing more responsible powers. I will mention one case—that of Prussia. Of course, I have no personal experience of the matter, and my knowledge is derived entirely from books. But this is what I find to be the state of things in Prussia. I am quoting from Woodrow Wilson's *State*:—

> The government district in Prussia is not an area of self-government, but is exclusively a division of State administration.

A district in Prussia is nearly the same in area as a district in India. The average district in Prussia is about 3,800 square miles; the average district in India is about 4,100 square miles.

> Its functionaries are the principal—it may even be said the universal—agents of the central Government in the detailed conduct of administration: they are charged with the local management of all affairs that fall within the sphere of the Ministries of the Interior, of Finance, of Trade and Commerce, of Public Works, of Agriculture, of Ecclesiastical and Educational Affairs, and of War, exclusive, of course, of such matters as are exceptionally entrusted to officers specially commissioned for the purpose. In brief, they serve every ministry except the Ministry of Justice.

These functionaries of the district are called the "Administration" and they work through boards. I need not trouble the Council with details. The President of this body, who corresponds to our Collector, and who is the special representative of the Ministry of the Interior, works alone. All the other departments work through boards. This is how the position of the President is described:—

> The President of the Administration is the most important official in the Prussian local service. Not only does he preside over the Administration, the general and most important Agency

of Local Government; he is also equipped for complete dominance. He may, upon occasion, annul the decisions of the Administration or of any of its Boards with which he does not agree, and, in case delay seems disadvantageous, may himself command necessary measures. He may also, if he will, set aside the rule of collegiate action and arrange for the personal responsibility of the members of the Administration whenever he considers any matter too pressing to await the meeting and conclusion of a Board, or, if when he is himself present where action is needed, he regards such an arrangement as necessary. In brief, he is the real governing head of local administration. The jurisdiction of the Administration covers such matters as the state taxes, the churches, the schools, and the public domain, etc.

Now comes the analogy. There is a district committee associated with this officer. It is described by the author as follows:—

Although, as I have said, the Government District is not an area of self-government, a certain part in the oversight of governmental action in the District is given to lay representatives chosen by the Provincial Agents of the people. A District Committee (there is a long German name which I dare not pronounce) composed of two professional members (one of whom must be qualified for judicial office, the other for the higher grades of the administrative service) appointed by the King for life, and of four members chosen by the Provincial Committee for a term of six years, is allowed an oversight of such matters as it has been thought best to put under lay supervision. The President of the Administration is *ex officio* a member of the Committee and usually presides over its sessions. All orders or arrangements which he wishes to make with regard to local police are subject to its confirmation, and all questions regarding the control of subordinate local authorities fall to it. More important than its administrative functions are the judicial functions with which it has been recently invested.

But that refers to matters which do not concern the present discussion.

Here then we have an analogy which in many respects is useful for our purpose. I find that in some other countries too, there are similar bodies. So the idea may well be taken up and worked out.

I may mention that I ventured to submit my proposals on this subject to the Decentralization Commission, before which I gave evidence, and if the Council will bear with me, I would like merely to repeat briefly here what

I said there, as regards the principal details of the scheme. Roughly I would divide the functions of the Collector into four categories. First must come matters which are urgent and confidential, in regard to which, of course, he must have the power to do what he thinks proper without consulting the Council. Secondly, there would be matters which he must refer to the Central Government for final disposal, whether there is a Council or not, but in regard to which he would express an opinion or make a recommendation. Here the opinion of the Council should also be ascertained by him and forwarded to Government along with his own opinion. The third division—and here is what would make a great difference to the people—would be of matters, which the Collector should be empowered to dispose of on the spot, if he is able to carry his Advisory Council with him, but which he must otherwise refer, as at present, for orders to the Central Government. This is what will really constitute in some respects the distinctive feature of the scheme, freeing the Collector from the present excessive secretarial control, and associating with him a small body of non-official representatives to prevent his being a mere autocrat and giving the people some voice in the disposal of their affairs. What I would like to see is that the Collector should be the head of an Executive Board, consisting of the Engineer, the Educational Inspector and other officers belonging to the other Departments in the district. And he should have in addition an Advisory Council like the one I have outlined. With the assistance of the Executive Board, he should carry on the general administration of the district and many matters, which he at present has to refer to the Central Government, he should be empowered to decide on the spot with the assistance of his Advisory Council. The last division will be of matters, in which the Collector, though bound to consult his Council, should be free to act as he deems best, taking or rejecting the advice of the Council, as he likes.

In my evidence before the Decentralization Commission, I stated briefly what matters should belong to the different categories. The lists were prepared with much

care and thought and with the assistance of men who had spent their lives in the work of administration; so it could not be said that the proposals had emanated from men who did not know anything of the administration of the country. In making these lists, I necessarily had in view the type of administration which prevails on the Bombay side, but substantially they might be made to apply to other provinces as well. Leaving confidential matters alone, and taking the second category, I would include in it (1) Legislative proposals, (2) proposals of revision settlements, (3) revision of water rates, (4) recommendations about remissions of land revenue, (5) creation of new Municipalities, (6) extension of the operation of Acts to new areas, (7) imposition of punitive police, and (8) creation of new posts. All these matters must go to the Central Government in any case, but the Collector should ascertain the opinion of his Council and send that opinion along with his own. In the third category, which concerns the most important part of my scheme, I would have matters, which, as I have already explained, the Collector should dispose of finally if he is able to carry his Council with him, but which he must otherwise refer to the Central Government. If the Council does not agree with the Collector on any question, nothing will be lost, as the matter will go to the Central Government as at present; but where the Council agrees with the Collector, he should be freed from the control of the Secretariat, and the matter decided then and there. Among such matters would be (1) opening, location and abolition of liquor shops, (2) suspensions of land revenue, (3) levy of building fines, (4) city survey proposals, (5) organization of local supply from forests, (6) opening of new and closing of old schools, (7) establishment of village Panchayats and Unions, (8) suspension of Taluk Boards, Municipalities, Panchayats and Unions, (9) creation of Benches of Magistrates, (10) rules regulating fairs, processions, etc., and (11) assumption of property under the Court of Wards Act. Lastly would come those matters which the Collector may decide as he deems best, even against the opinion of the District Council, such as (1) urgent precautionary measures against plague, cholera,

and other epidemics; (2) measures for the preservation of peace; (3) measures of urgent famine relief, and so forth.

I have endeavoured to give the Council an idea as to what I have in my mind in bringing forward to-day's resolution. If this proposal is taken up by the Government for serious consideration, the details will necessarily have to be carefully worked out by men qualified to deal with the question. But what I have said should suffice to convey to any one a sufficiently clear notion as to what I would like to see established in every district as far as possible. In addition to the matters enumerated by me, the members of these Councils should have the power to discuss grievances relating to the administration of the district at their meetings, which should be held, say, once a month.

Sir, it is necessary to state that the idea of Advisory Councils formed in a general way the subject-matter of a good deal of evidence before the Decentralization Commission. Unfortunately the Commission did not take up the question seriously. If you look at the cross-examination of witnesses on this subject, you will find that there is hardly any cross-examination worth the name. The Commission simply did not care to go fully into the matter. However, that need not deter us from bringing up the question before this Council, whenever a proper opportunity presents itself. The fact has to be noted, however, that the question was before the Decentralization Commission. And on analysing the evidence given by official and non-official witnesses, Englishmen and Indians, we get the following results: About 68 English officials gave evidence on this subject. Of them, 10 were favourable to the idea of Advisory Councils, nine being in favour of District Councils and one in favour of Divisional Councils only. Among the nine, were two gentlemen, who were members of this Council, the Hon'ble Mr. Le Mesurier and the Hon'ble Mr. Quin. I am sorry neither of them is now in the Council, else I should have expected to be supported by them. Nine Members of the Civil Service in favour of

this as against 58 against the proposal—leaving out the late Sir Herbert Risley, who was in favour of Divisional, but not of District Councils—may appear to many to be a small proportion. But, considering that the Civil Service in this country is the standing Conservative party in Indian administration, more firmly rooted in absolute power than the Conservative party in England, I think nine out of sixty-seven is a much more satisfactory proportion than that of the Liberal Peers in the House of Lords who were in favour of Parliamentary reform last year. To my mind, therefore, it is a hopeful thing, that on the first occasion of a proposal like this coming up for consideration, nine members of the Civil Service should be found to be favourable to the idea—I am not surprised that the rest were against it. Then four non-official Europeans gave evidence on the subject and it is significant that all four were in favour of the proposal. Further of the 84 non-official Indian witnesses, who gave evidence, 71 were in favour. Some of them wanted the Council to be more than merely advisory—but, in any case, all in favour of constituting Advisory Councils—and only 13 non-official Indians were against it. When we remember how many public men in this country—I will not say, take their case from officials, but I will say have such humility about them that they distrust their own opinion about any matter, when it comes into conflict with official opinion, it is really surprising that the number of those that went against this proposal was not larger than it was. Finally, fourteen Indian officials gave evidence on this question, and of these seven were in favour of the proposal. This too was not unsatisfactory, taking into account the nervousness of many Indian officials in expressing opinions not likely to find favour with their superiors. Thus the overwhelming weight of evidence on the non-official side was in favour of this proposal; and it had also the support of a small but important minority among the official witnesses.

Sir, I will now say a few words about the more important objections that have been urged against this proposal. I have carefully gone through a great deal of this

evidence and I may say that the objections resolve themselves under five heads. In one brief sentence, they really come to this. The officials say:—We do consult people at present, and will continue to consult them; but we will consult whom we please, when we please, and how we please; we do not want to be bound in these matters! The five objections are, first, that informal consultation is better than formal consultation; secondly, it is difficult to know who are really representatives of the people, and it is difficult to get properly qualified representatives for the work; thirdly, the efficiency of the district administration will suffer; fourthly, an Advisory body may be desirable, but there are already District Boards and Municipalities which might be utilized for the purpose; why multiply these bodies? And, lastly, there is the objection which is a standing argument in this country against all advance, namely—the time has not yet come! Now I will deal briefly with these five objections, and then will bring my remarks to a close. As regards the value of informal consultation, well, it is all very well to say that you do not want to be formally tied down, that you like to be free, and that you will go about among the people and find out things for yourselves. On the one side you complain that you are tied to your desks, you are slaves to reports and returns, that you cannot find time to move among the people, and on the other hand you do not want to be bound to consult anybody, you must be free to consult whom you please! Again, Sir, we have plenty of experience of what this informal consultation means, and in this matter we can speak as no English official can, because they have no experience of our side of the shield. Under the present system of consulting whom we please, we often find men of straw, men of no character, insinuating themselves into the favour of officials and backbiting innocent people and exercising a pernicious influence. In the end, these things are generally seen through, but that takes time, and meanwhile a good deal of harm is done. And with the frequent transfers of officers that now take place, we are exposed to this risk far too often. But apart from this, without putting it on that low ground, I say that while the officials may continue to consult whom

they please—and my proposal does not come in the way of their doing this—all we want is that they should be bound to consult a body of representative Indians, properly constituted. We want a sense of responsibility to attach to the man who is consulted on our behalf; he must not be an irresponsible, self-seeking person, going to the Collector and expressing views which would just suit the particular mood of the Collector at the moment; he should feel the responsibility of his position and should know that he has a responsibility towards the people. To me, Sir, this argument of informal consultation appears to be the weakest argument that has been advanced against the proposal. Some say that it would be better to hold periodical Durbars than to have a standing Advisory Council. Now we all know what these Durbars are. A large number of people assemble—a hundred or so—and you cannot consult them in that definite manner in which you can do at a small Board meeting. The second objection is that it is not possible to know who are the real representatives of the people. Well, Sir, it is too late in the day now to start an argument of that sort. The Government has accepted the principle of election for ascertaining who should represent different interests in various deliberative bodies, in Legislative Councils, in Municipal Boards, and in district and other Boards. That principle, after all, is the only open test available for testing the representative capacity of a given person. I have already said that the results of election should be supplemented by keeping a certain reserve of seats in the hands of the Collector, and that by nominating deserving persons to those seats, he may redress any inequalities as regards the representation of different interests. And I agree with the opinion expressed by the Hon'ble the Home Member—I do not know what line he will take to-day, but I agree with the opinion expressed by him as Chief Commissioner of the Central Provinces—that if an Advisory Council comes into existence, it must grow out of the present District Boards and my own opinion is that the District Board should elect the major portion of the members of the Advisory Council.

Sir, the third objection urged against my proposal is that efficiency will suffer. But why should efficiency suffer? I do not propose that the ordinary routine of the Collector's administration should be at all interfered with by the Advisory Council. The Council will meet once a month, and if the efficiency of the Government of India does not suffer by the discussions that take place in this Council—though some officials may think that the time of the Council is wasted by these discussions—or if the efficiency of the Local Governments is not diminished by the discussions that take place in the local Legislative Councils I do not see why the Collector should want to be more absolute in regard to his charge than the Government of India or the Local Governments. As a matter of fact, I think the efficiency of the District administration will increase and not diminish on account of the association of a body of popular representatives with it.

The fourth argument against my proposal is that there are already District Boards and Municipalities in existence. Why not use them for Advisory purposes as well? But, Sir, the Municipalities are concerned with particular towns only. As regards District Boards, my own view is that the districts are really too large as areas for the purpose of local self-government, and I should like to see local rural self-government entrusted almost entirely to Taluk or Sub-divisional Boards and to village panchayats, the District Boards confining themselves to work of a general character only. If this were done and the constitution of the District Boards modified, I should not mind entrusting those Boards with the functions, which I have in view, for Advisory Councils. But that is a different question and I do not want to complicate matters by going into it just now. The District Boards at present look after education, sanitation and roads. If the Government is prepared to widen their scope of work, and entrust other functions to them in addition, I have no objection. Lastly, we are told that the time for such a reform has not yet come. That, Sir, is an argument with which we are only too familiar. In the opinion of some officials, the time for *any* reform never comes, and yet somehow it

does come and reforms do take place! And, Sir, what has happened in the past about other matters will happen in the case of this also; and in spite of official opposition the time for this reform will come.

Sir, one word more in conclusion, and I have done. I contend that the association of a Council, such as I propose, with the work of district administration will, instead of impairing the efficiency of that administration, greatly increase it. For it will bring to it that higher efficiency, which results from the responsible participation of the people in the management of their own affairs and which can never be attained by a purely bureaucratic administration, however like a machine it might move. District administration, moreover, is the real ground of contact between the bulk of the people and the British Government and our Legislative Councils, expanded as they are, will not fully serve the end, for which they have been reformed, unless that reform is supplemented by the creation of Advisory District Councils and their association with the officers in charge of districts. Sir, I have already urged at some length that in the interests of the administration itself, the educated classes of this country should be given an interest in the work of that administration. What they feel is, if I may quote what I said before the Decentralization Commission, that the car of administration should not merely roll over their heads, but that they should be permitted to join in pulling at the ropes. This is a perfectly legitimate aspiration, which, I am convinced the Government must recognise, if not to-day, at least in the near future. Sir, in a most remarkable article which recently appeared in the *Times of India*, on the Royal visit, that paper said that British rule in this country owing to its inherent necessities must be a continuously progressive principle. That, I think, is a profound truth, a truth which should be kept constantly in view by those who are responsible for the administration of this country. It is only by doing this that the Government will be able to adjust itself to the growing complexities of the situation. Thus and thus only, will the Government equip itself for overcoming the difficulties that are bound to gather in its

path from time to time. Thus and thus only will the better mind of India be justified in the trust that it has always felt in the higher purpose of British rule; thus and thus only will the people of this land—ancient races to whom the world owes a good deal of its civilisation—be able to advance with slow but sure and steady steps to a place in their own country, worthy in accordance with modern ideas of the self-respect of civilized beings.

[*Replying on the debate which ensued, Mr. Gokhale spoke as follows*:—]

Sir, I must say a few words now by way of reply to the speeches which have been made in the course of this debate. I will begin with my friend, the Hon'ble Sir Gangadhar Chitnavis, who, however, I hope, will forgive me for not dealing at any length with his remarks, because I have only a few minutes at my disposal which I must devote to the Hon'ble the Home Member; and, secondly, with all respect to him, I must say that there was not much in his speech which needs a reply. Sir, it is somewhat inconvenient that members of this Council should make up their mind to oppose a motion and come to the council with ready written speeches before hearing what the person who brings forward the motion has got to say. Necessarily, when this course is adopted, much of the opposition loses its force, and as my friend, Sir Gangadhar Rao, did not think it necessary to show me the courtesy to listen to what I had to say before making up his mind, that is an additional reason which absolves me from taking any lengthy notice of his remarks. I will just take note of two things that he said: first, that reforms have only recently been granted, and that we should not ask for more now. My friend really seems more anxious to maintain the conservative and non-progressive character of our administration than the authors of recent reforms themselves, because it is well known that those who initiated the recent measures of reform, also had in mind associating the people with the administration down to the bottom; in what form this was to be done, they left to the Decentralization Commission to recommend. If my friend will only look at the terms of the

reference that was made to the Decentralization Commission, he will find that the Secretray of State did ask the Commission to recommend what measures could be adopted, whereby the people of this country should be brought into closer touch with the administration throughout. My friend thinks that perhaps the utmost that might be tried, is to have Divisional Councils in a few selected Divisions. Even here he has modified his position as compared with what it was before the Decentralization Commission, because his proposal about Divisional Councils had no such qualifications then, as he has to-day sought to add. My friend does not see why there should be District Councils. Sir, a district is the unit of administration in this country and not a Division. A Divisional Council will only be a smaller edition of the Provincial Council and will not meet any of the requirements I have mentioned. We want a Council to be associated with the officer, who is primarily responsible for the affairs of a district. My friend expressed a fear of some members proving obstructive. Now in bodies that are purely advisory, no great harm can be done even if anybody is obstructive. The utmost that may happen is that the time of the Board will be to some extent wasted; but we might, I think, well depend upon the common sense of the other members to see to it that that sort of thing does not last for long. There might occasionally be a little obstruction; if you will only assume average reasonableness on the part of the men, elected or selected, this fear of obstruction need not trouble us. I will now turn to the speech of the Hon'ble the Home Member. Sir, the Hon'ble Member spoke, no doubt, as he has himself told us, with great vigour, but whether he spoke with convincing vigour I must leave to the Council to decide. Personally, Sir, I am not at all convinced by what he said. On the contrary, I must say I am puzzled, I am surprised —indeed, if I may use the word which he himself used—I am astounded at the line he has adopted in the course of his reply. The Hon'ble Member began by promising to smash, to shatter, the pretty, pleasant picture which he said I had drawn up for the amusement of the Council. The Hon'ble Member has certainly smashed many pictures,

but they were not of my drawing; they were fancy pictures of his own. Sir, I feel bound to say—I think I am entitled to make the complaint—that from one in the Hon'ble Member's responsible position we expect more care to be taken as regards the accuracy of the statements which he attributes to others. He attributed to the supporters of this motion all manner of statements which none of us had ever made. I, for one, never made any of the statements that he attributed to me, so far as I can recollect. He said we spoke in terms of the utmost contempt of District Boards and Municipalities. Now I assert that I did not say a single word about these bodies that could be construed into any kind of contempt.'

The Hon'ble Sir Reginald Craddock: I beg the Hon'ble Member's pardon. I never said a word about contempt. What I said was that the way they omitted any references and put them aside as being unworthy of consideration almost amount to contempt.

The Hon'ble Mr. Gokhale: Well, Sir, that is because the Hon'ble Member has not really cared to understand our proposal. The Municipalities exist for certain specific purposes; the District Boards too exist for certain similar specific purposes. We propose to bring into existence another body for certain other purposes. It is true that I referred very briefly only to Municipalities and District Boards. But that was because we have all to speak within certain time limits here—and, as a matter of fact, I was speaking against time when I came to that part of my speech—and so, though I had intended saying more on the subject, I could not do so for want of time. But surely because we did not speak at great length about Municipalities and District Boards, the Hon'ble Member is not justified in calling our attitude an attitude of contempt or one bordering on contempt. Then, Sir, the Hon'ble Member spoke of our saying that there were no educated advisors available to the Collector; but who ever said such a thing?

We all know that there are Deputy Collectors and others under the Collector. They are all men now of good education. And none of us said that educated men were

not available for consultation. What I said at the beginning, what I said in the middle, what I said at the end of my speech was, that what we wanted was non-official association with the Collector. There are plenty of officials to advise him, and he depends daily upon their reports; that, in fact, is our complaint, namely, that the whole administration is bureaucratic in character, based upon reports received from below and carried on under orders received from above. Now we want things to be less like a machine working automatically, and more like an institution which concerns itself with human beings, who have to be interested in the work that is done. I frankly stated in my speech that one of the objects that I had in view in bringing forward this question was to give some sort of interest to the people of the district in the administration of the district, so that, as one result, unfair and irresponsible criticism might become less and less. Sir, the Hon'ble Member, in referring to a quotation which I had made from Woodrow Wilson, said that I had abruptly stopped quoting, probably because what followed was inconvenient to me. Well, Sir, the Hon'ble Member might have adopted a little more charitable attitude towards me. He saw that I was speaking against time, and he might have assumed that I stopped where I did, because what followed did not concern my argument. However, as the Hon'ble Member has thrown doubt on what I did, I will, for the edification of the Hon'ble Member, read the portion which I did not then read. I will read that portion, and will then, if he likes, pass the book on to him, so that he may verify the quotation. The portion is as follows:—

> More important than its administrative functions are the Judicial functions with which it has been recently invested. Since 1883, the District Committee has been the administrative Court of the District, When acting in this capacity, the Committee is presided over by its judicial number and the President of the admistration does not sit with it.

This is all that I had left out, because, as the Council will see, it does not concern the President of the administration, whose position we were considering.

Now, Sir, I will deal with some of the arguments brought forward by the Hon'ble Member in the course of

his speech. Here again it is largely a question of the standpoint from which we approach this question. The Hon'ble Member gave us an idea as to how he approaches this question when he said: 'Well, if I were a Collector, I would go out in the District among the people and I would ask those people what they wanted personally. Why should I have anybody between me and the people?'

As though the men who will 'come' between him and the people do not belong to the district and have no interest in its administration! This is exactly the attitude of mind, Sir, which must be given up, if district administration is to be improved. You must create in the minds of all classes in the district some sort of interest in, some sense of responsibility for, your administration. It would not do for a man to say, 'I administer this district; it is for me to give orders; the people exist only to obey'! The higher purpose of British rule, as we understand it, is to associate us slowly but steadily with the administration of the country, so that in course of time the administration should really become ours. Sir, the Hon'ble Member referred, towards the close of his speech, to a proposal which I had made before the Decentralization Commission but to which I made no reference to-day, *viz.*, the abolition of Commissionerships. I did not refer to this—again I must say—because there was no time to do so; I was speaking against time. My view, however, is the same as it was, when I placed it before the Decentralization Commission, and it is this:—You must free the Collector largely from the present excessive secretariat control. After all, he is a member of the same Civil Service from which also the secretariat officials are drawn. In many cases—I have heard this complaint from Collectors again and again—he is a fairly senior officer of that service, whereas some Under-Secretary, who is generally a junior man, very often passes orders in the name of the Government on the reports that go from him, frequently after keeping them a good long time in the pigeon-holes of the Secretariat. Now what is the value of this kind of thing? Free the man from this; he belongs to the same service, so do Government

Secretaries. He is qualified just as well as Secretariat officials to deal with these matters—perhaps better. He is, moreover, on the spot and knows more about the business. Only do not make him an absolute ruler. Free him largely from Secretariat control, but substitute for such control a certain amount of non-official association; and for this associate with him some of the best men in the district, whose advice he should be bound to take, so that, in any case, due deliberation may be ensured, and there may be no hasty action. If the Collector cannot spare one day in the month for this purpose, well, I really must say that the ideas that some gentlemen have on the subject of the administration of this country are extraordinary. If you like—it is only a question of funds—give him another assistant so that he may be further freed from his ordinary routine work. But it is a matter of the utmost importance to the people that they should be associated in some manner with the administration of the district, and enabled to feel that it is their own administration. Then the people will criticise the administration less and less; a greater sense of responsibility will come to them; and both parties to this transaction will, in the end, profit by it. If you free the Collector from a large part of the present Secretariat control, I certainly do not think that any harm will be done. If you do this, you will not require the intermediate agency of the Commissioner. Many distinguished men have taken the view that Commissioners are really superfluous. Even the Hon'ble Sir Reginald Craddock refers to that view in his minute. He says he does not want the Commissioners to be mere 'post offices,' or 'a fifth wheel to the coach'. Both these expressions we have heard again and again, and they have come from men who have held responsible positions in the administration of the country. If you have a strong central Government laying down policies, issuing general instructions, having Inspectors-General to go about and inspect district administration from time to time, and supplying expert advice to the district officers when necessary, then district officers, with the assistance of Advisory Councils, might very well carry on the administration of their districts. Sir, it is easy for

members of the Government to describe the suggestions coming from us non-officials as not practicable. It all really depends on whether you are in a position to try them or not. The Hon'ble Member is in a position to try any experiment which he takes it into his head to try, while we are not in that position. Therefore, I suppose, his ideas are always practicable, whereas ours may be brushed aside as impracticable! Sir, I certainly hold that Commissionerships are unnecessary and should be abolished. But from that—from the proposal for the abolition of Commissioners to the abolition of Collectorship—well, I do not see that there is any transition whatsoever. The Hon'ble Member says if Mr. Gokhale proposes the abolition of Commissionership, he may also propose the abolition of Collectorships; and if that is done, what is to happen. He might as well ask, if Government ceases to exist, what is to happen! It would never enter the head of any sane person to propose that Collectorships should be abolished. If you argue in that way then I really must say that that is not a fair way of dealing with a proposal like this. I regret I have no time to deal with all the specific objections that he has urged against the outlines of my scheme. But I will deal with as many as I can. The first I would take is about the imposition of punitive police. He said that he was astounded that I should suggest that the Collector should discuss this with men sitting with him round a board. By the way, I may state that though I have suggested nine as the maximum number of members of the Council, it need not be necessarily nine and no other. If nine will not do, increase it to any other that is reasonable. That will be my answer to the Hon'ble Mr. Shafi, whose support I am very glad to have in this matter. All I want is that the Council should be a small body, and that it should discuss things as we do at a municipal managing committee or standing committee meeting—in a more or less conversational manner and not by means of speeches. Now, Sir, if you want to impose punitive police on an area or a section of the people, you depend at present upon official reports only. But that is exactly our grievance. For you sometimes throw the whole burden on a wrong class;

sometimes it is distributed among classes some of whom have not offended. Now if you consult your Council on these questions you will first of all have to place your reports before them. If you admit them to a participation in the administration, then the subordinates' reports must be available to them, as papers are laid before Committees that work with a Chairman. If you are prepared to assume that these people will be reasonable beings, that they will not necessarily be afflicted with some extra curse, then they may be depended upon to show a reasonable regard for the requirements of the administration. It is the present secrecy of administration which, unless circumstances are exceptional, must be removed. The British Government in this country must be our Government, not a Government keeping us at arm's length, but really associating us in a responsible manner with the administration, so that we may feel that it is our Government. At present you act on reports from the police. We all know what that means. Everybody's reputation is in the hands of the police. Many of us have suffered from that. I speak in this matter from personal experience.

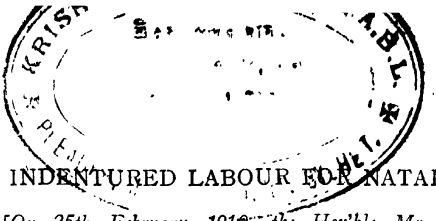
If you are going to punish a whole class of men—that is what you do by means of punitive police—you can surely explain the reasons to ten or twelve men. If you cannot carry these men with you, rest assured that there is something wrong with your policy. Then, Sir, the Hon'ble Member objects that my proposal about liquor shops really amounts to asking for local option. Well, Sir, I am a very keen advocate of local option. I have advocated it in the past and will continue to advocate it till it is granted. But my present proposal does not amount to local option, for the Council is only advisory, and if the Collector does not carry it with him, the matter can go as at present to the Government. The function is merely an advisory function, and if he carries the Council with him a great deal of bother is saved. Again, as regards the suspension of local bodies, the Hon'ble Member is afraid that the members will become unpopular, if they vote for suspension. He is strangely anxious

that these Councils, which he is doing all he can to prevent from coming into existence, should not become unpopular! Well, even if they are not willing to face unpopularity at once in regard to a Municipality which requires to be suspended, after a time at any rate the fibre of these men will be strengthened and they will discharge their responsibilities as other Indian officials do at present. Then the Hon'ble Member says that the framing of rules may be an urgent matter. If so, you may have an extraordinary meeting of the Council; ordinarily, however, the framing of rules is a matter for deliberation.

If you are not going to associate non-officials with you in a matter of this kind, I do not know in what else you will associate them with you. The Hon'ble Member fears that the Councils might become a hot bed of intrigue. In what way can a mere advisory body become a hot bed of intrigue. He says two or three men might get an ascendancy over a Collector. But such things happen now, and under my scheme, the evil will tend to grow less and not more. A strong Collector generally takes care of himself, and the chances of two or three unscrupulous men getting an ascendancy over a weak Collector's mind are far greater when you have no Advisory Council than when you have such a Council. Again what about providing for the responsible ventilation of grievances in a district. Is there no value to be attached to this? I can only express my view that if you provide some oultet for such ventilation, a great deal of bitterness which arises at present will be prevented. The Hon'ble Member must surely have experience of such matters. Wrong things are sometimes done even without the knowledge of the Collector, by some police officer or some one else. At present the grievance has simply to take its course. As my friend Pandit Madan Mohan Malaviya has pointed out, questions are asked about it in the Provincial Council drawing the attention of the whole Province to it. When the complaint does not belong to the Collector's own Department, the matter has to be referred to one or another of the numerous central departments with which the country has been flooded in recent years. Well, these departments have

their own procrastinating methods of doing work. If there is more government on the spot and if these matters are brought to the notice of the Collector, will not much harm be prevented? It is a point of the greatest importance that this kind of harm should be prevented—I do not mean by going to the Collector privately and putting things before him in an individual capacity, for there is no sense of responsibility in that. Sir, the Hon'ble Member asks, what will be the end if you begin like this? I will tell him what the end will be. The end will be better and better administration! The end will be that the people will feel that the administration is theirs. The end will be that the gulf that at present yawns between officials and the public will be steadily bridged: good administration in the interests of the people, the people feeling a responsibility for it and an interest in it, and things moving generally much more smoothly than they do at present—this will be the end if my proposal is accepted!

Sir, I am sorry that I have trespassed on the attention of the Council longer than I should have. I must leave the other points now alone, and I must ask that this resolution be put to the vote.



INDENTURED LABOUR FOR NATAL.

[*On 25th February 1910, the Hon'ble Mr. G. K. Gokhale moved the following Resolution in the Imperial Legislative Council* :—]

That the Council recommends that the Governor-General in Council should be empowered to prohibit the recruitment of indentured labour in British India for the Colony of Natal.

The Government accepted it and the Hon'ble Member in moving the Resolution spoke as follows :—

I must at the outset express my deep sense of the manner in which the Government has afforded facilities for to-day's debate. It is a matter of some significance that the first exercise of the new privilege of moving resolutions in this Council should be in respect of a question which has not only roused intense feeling among all classes of His Majesty's subjects in India, but in regard to which the Government of India itself is understood to be of one mind with the people. That being so, I think it is not too much to hope that my motion will be accepted by the Council and that the Government will thus place itself at the head of what is undoubtedly the universal sentiment in the matter throughout the country. I think the first thing to realize in this matter is the fact that the whole of the Indian problem in South Africa has arisen out of the supply of indentured labour to Natal. The Indian population in South Africa may be divided into three classes :—(1) Those who are under indenture. This classis of course confined to Natal. (2) The ex-intendured and their descendants, by the ex-indentured being meant those who have completed their term of indenture but have not returned to India, nor have got themselves re-indentured but who are struggling amidst great difficulties to earn their livelihood as free Indians. This class has of course grown out of the first. And (3) traders and other Indians who have gone to South Africa at their own

expense. These persons have gone there in the wake of the indentured Indians and primarily to supply their needs. Now, my Lord, my own view of this system of indentured labour is that it should be abolished altogether. It is true that it is not actual slavery, but I fear in practice in a large number of cases it cannot be far removed from it. To take from this country helpless men and women to a distant land, to assign them there to employers in whose choice they have no voice and of whose language, customs, social usages and special civilisation they are entirely ignorant, and to make them work there under a law which they do not understand and which treats their simplest and most natural attempts to escape ill-treatments as criminal offences—such a system by whatever name it may be called, must really border on the servile. This is also the view which the entire Indian community throughout South Africa takes of the matter. But it is not merely on its own account that I advocate an abolition of this system. I also advocate it because this continued influx of indentured labour into South Africa and the consequent inevitable annual additions to the ranks of the ex-indentured tends steadily to lower the whole position of the free Indian population. The feeling of contempt with which the indentured Indian is generally regarded comes to extend itself not only to the ex-indentured but even to traders and other Indians of independent means. The struggle of free Indians to maintain themselves becomes more and more acute by these constant additions and the whole community feels an intolerable and continuously increasing economic burden placed upon its shoulders. I may, however, be told that this is an extreme view to take, and that though circumstances may arise which may lead the Government of India to prohibit altogether the supply of indentured labour to Natal, for the present it would be a more prudent course to utilise Natal's need, for securing an improvement in the treatment meted out to Indians in South Africa generally and in Natal in particular. Now, my Lord, though this is not the highest view to take of the matter, I am prepared to recognise that from a practical standpoint there is a good deal to be said in its favour. The position of Indians in South Africa which has gone

from bad to worse during the last fifteen years has now grown absolutely intolerable, and in any remedy therefore which the Government can apply to the situation it is entitled to the strong and hearty support of the people of this country.

What, my Lord, is the position of the Indian community to-day in different parts of South Africa? The total Indian population in the four colonies or states of South Africa which have recently been federated into the South African Union is about 1,50,000. Of this number 1,20,000 are in Natal, about 15,000 are in Cape Colony, about 13,000 are entitled to be in the Transvaal—though the actual number there owing to the struggle of the last three years is not more than 6,000 at present—and about 100 only are in Orangia. Let us take Natal first. The supply of indentured labour from India to Natal first began in the year 1860. And with the exception of a brief period of 8 years from 1866 to 1874, it has continued to the present day. From the figures kindly supplied to me by the Hon'ble Mr. Maxwell, I find that the total number of Indians actually under indenture to-day in Natal is about 40,000. In addition to this there are about 65,000 ex-indentured Indians and their descendants, while the trading Indian community stands at about 15,000. The period of indenture is for 5 years after which a person may return to India, in which case he gets a free passage to this country, or he may get himself re-indentured, or again, he may remain as a free individual in the colony on the payment of an annual license of £3 for every male above 16 years of age and every female above 13. Now so far as the persons actually under indenture are concerned, the principal grievance is naturally ill-treatment by employers. Very grave allegations on this subject have been made and I must say that I have not seen them satisfactorily answered. The Protector of Immigrants being an officer of the Natal Government, he affords but little real protection to the poor Indian labourers. He is ignorant of their language and their ways of life and is generally imbued with the prejudices of the colony and it is not his fault if he is unable to enter into their feelings or understand

their grievances. A starting fact which has been mentioned and has not been contradicted is that the rate of suicide among the indentured is double of what it is among the ex-indentured and from ten to twelve times what it is among those classes in India from whom the indentured are drawn.

All these allegations require a searching and careful enquiry and I think the Government of India should urge on the Government of Natal a joint enquiry by representatives of the two Governments in the matter. I also think that the Protector of indentured Indians in Natal should be an officer of the Government of India, periodically sent out from this country and not an officer of the Natal Government. Let us now turn to the case of the ex-indentured. The policy of the colony towards them has undergone a gradual and now a complete change. In the earlier years after the system of indentured labour came into existence, the one anxiety of the Natal Government was how to keep in the colony those whose term of indenture had expired. Various inducements were offered and one of the conditions then insisted on was that indentured Indians should leave the colony before the expiry of ten years from the date of their arrival. There is no doubt that these ex-indentured Indians have deserved well of the colony. It is to their labour that the present prosperity of Natal is largely due. So recently as July 1903, Sir Leige Hulett, ex-Prime Minister of Natal, bore the following testimony on this point:—

> The condition of the colony before the importation of Indian labour was one of gloom, it was one that then and there threatened to extinguish the vitality of the country and it was only by the Government assisting the importation of labour that the country began at once to revive. The coast had been turned into one of the most prosperous parts of South Africa. They could not find in the whole of the Cape and the Transvaal what could be found on the coast of Natal—10,000 acres of land in one plot and in one crop—and that was entirely due to the importation of Indians. . . . Durban was absolutely built up by the Indian population.

And yet these Indians who have done so much for the colony have for years past been making bitter complaints of the unjust and oppressive manner in which they are

being treated. The early policy of inducing ex-indentured Indians to remain in the colony was gradually given up and during the last fifteen or twenty years one of the principal concerns of the colonist in Natal has been how to get rid of the free Indian element there. A number of expedients have been tried to make their lot intolerable, of which the most serious, so far as the ex-indentured community is concerned, is the imposition by an Act of 1896 of an annual license of £3 for every male above the age of 16 and every female above the age of 13. My Lord, it is difficult to speak in terms of due restraint of this outrageous impost. It is a matter of some satisfaction that a Bill has now been introduced in the Natal Legislature to do away with this license so far as women are concerned. But the latest papers from Natal show that the measure has already been whittled down in committee and that instead of exempting all women it is now proposed to vest a discretion in the Magistrate to grant exemption in such cases only as he deems proper. This cruel impost which has to be paid by ex-indentured Indians in addition to the £1 poll-tax, which everybody has to pay in Natal, has already caused enormous suffering; it has broken up families, it has driven men to crime, and, grave as the statement is, it must be made, for I see it repeated in the Natal Legislature and practically corroborated by the Commission appointed by the Natal Government last year, it has driven women to a life of shame. My Lord, who are these people who are called upon by the Colony to pay this annual license of £3 for the right to remain in the Colony? They are probably persons whose experience of indenture has been none too kind and who are therefore unwilling to indenture themselves again; who at the same time, not having been able to lay by anything during the period of indenture, and having probably lost caste in India by reason of their going to Africa, dare not return to this country to face a life of poverty added to social disgrace, and who therefore have no choice but to stay in South Africa for whose sake they have left their country and to whose service they have given five of their best years. I think the Natal Government ought to be urged to withdraw at once this iniquitous impost. It is not however

only the presence of the ex-indentured Indians to which the colonists object.

They also object to the Indian trading community whose number is about 15,000 to-day and who have been feeling the weight of harsh and unjust treatment for the last fifteen years. At one time this community possessed both the political and the municipal franchise. The political franchise was, however, withdrawn in 1896, and during the last two years attempts have been made to take away the municipal franchise also. Then during the last five years endless trouble and much suffering and loss have been occasioned by the absolutely arbitrary manner in which the licenses to trade have been withdrawn or refused, the persons ruined not even being permitted to appeal to the Supreme Court. During the last two months a little improvement has taken place in connection with this question, for an Act has been passed, probably under pressure from the Government of India, allowing again appeals to the Supreme Court, where renewals of licenses are refused. This, however, removes only a part of the grievance, because there is still no appeal to the Supreme Court where new licenses are refused or permission to transfer licenses is withheld. Again, since last year, the educational facilities enjoyed by the free Indian community have been greatly curtailed, there being now no provision for the education of Indian boys above the age of 14 or for Indian girls of any age. In 1908, two laws were passed by the colony which were subsequently disallowed by the Imperial Government proposing to extinguish altogether the Indian trading community in the colony in ten years. My Lord, the whole policy of Natal to-day towards the Indian population is an utterly selfish and heartless policy, and the only way in which any relief can be obtained is by the Government of India adopting a stern attitude towards the colony in return.

I have so far dealt with the position of Indians in Natal. Let us now glance briefly at the state of things in the Transvaal. The agitation of the last three years in that colony has overshadowed the standing grievances of the

Indian community there, which date from the time of the Boer Government. These grievances are three: In the first place, Indians cannot acquire any political or municipal franchise in the Transvaal. Secondly, they cannot hold any immoveable property there. And, thirdly, they are liable to be confined to residence in locations. In addition to these three grievances the doors of the Transvaal have since 1907 been absolutely shut in the face of all Indians, who were not there before the war, no matter what their status or qualifications may be. Alone among British colonies, the Transvaal has placed statutory disabilities on His Majesty's Asiatic subjects in the matter of entering that colony. Alone among British colonies the Transvaal has sought to inflict galling and degrading indignities and humiliations on His Majesty's Indian subjects. The protest which the Indian community of Transvaal has made against these disabilities and indignities during the last three years has now attained historic importance. It is not necessary for me to go on this occasion into its details because the story has now been told from a hundred platforms in the country. The struggle has not yet ended—the end is not even in sight. But India has no reason to be ashamed for the part which her children have played in this struggle. The Indians in the Transvaal have suffered much for the sake of conscience and of country, but they have done nothing unworthy. And they have throughout been most reasonable. They have not asked for unrestricted Asiatic immigration into the Transvaal. They have only insisted that there shall be no statutory disabilities imposed upon their race, and that legislation subjecting them to degrading indignities shall be repealed. So far no relief has been forthcoming. But perhaps the darkest hour is already passed and the dawn is not now far. Of the Indian position in Orangia, not much need be said. The doors of this colony are shut against all Asiatics except such as want to enter as domestic servants, and there are about a hundred Indians to-day there in that capacity. There were Indian traders at one time in Orangia, but they were forcibly turned out of the colony by the old Boer Government about 1893, and since then no others have been allowed to get in.

Lastly, I come to Cape Colony. Here on the whole a liberal policy is pursued towards Indians and with the exception of East London the colony treats Indians fairly well. The total number of Indians in this colony is about 15,000. They are permitted to acquire both the political and the municipal franchise, and though they have difficulties in the matter of obtaining licenses to trade and at times considerable suffering and loss has been caused by arbitrary refusals to grant or renew licenses, on the whole the position is much more satisfactory than in other parts of South Africa. In East London things are no doubt bad, but it is only a small part of Cape Colony.

The resolution recommends that the Governor-General in Council should acquire statutory powers to prohibit altogether if necessary the supply of indentured labour to the colony of Natal. Under the law as it stands at present the Government does not possess these powers and that I am sure is a serious handicap to the Government in any negotiations into which it may have to enter with the Government of Natal on questions connected with the treatment of Indians in that colony. It is of course true that the mere taking of these powers does not mean that they will be necessarily exercised. Still this resolution if accepted by the Council to-day will be an indication to South Africa generally and to Natal in particular as to how strong and deep is the feeling which has been roused in this country by their anti-Asiatic policy. The idea of stopping the supply of Indian labour to Natal is not a new one. Immediately after the close of the Boer War, Lord George Hamilton, in addressing a deputation headed by Sir Lepel Griffin, made an emphatic declaration that unless Natal treated the Indian community more fairly the Government of India might be driven to this course. But obviously Natal has never taken such a threat seriously; for had it done so it would not have endeavoured, as it has steadily done, to make the position of the free Indian community worse than before, also its representatives in its Legislative Assembly would not be talking to-day with easy assurance of getting the Government of India to agree to the proposal that the indenture

of indentured immigrants should terminate in India or on high seas.

My Lord, I sincerely trust that to-day's proceedings in this Council will open some eyes at least in South Africa. I think the power to stop recruitment of indentured labour for Natal should go a considerable way in securing from the Natal Government fair terms generally for the Indian community resident in the colony. Natal needs our labour. It cannot do without it. A number of its industries largely, almost entirely, depend upon it, and they would be paralysed if this labour was withdrawn. On this point the testimony of the Commission appointed by the Government of Natal to consider the question of Indian immigration is conclusive. This is so far as Natal is concerned. The actual effects of the suggested prohibition if carried out will, however, probably go beyond Natal and extend to the Transvaal. For, as the Natal Commission of last year points out the withdrawal of indentured Indian labour from Natal will necessitate a corresponding withdrawal of the Kaffir labour of Natal from the Transvaal, I think the present is an especially opportune moment for the Government of India to acquire the power proposed in this resolution. Not only has public attention in this country and England been drawn to the condition of Indians in South Africa as it was never drawn before but the control of the Asiatic Legislation in South Africa will shortly pass from the several Colonial Legislatures to the Union Parliament which will meet in October. This Parliament will be largely dominated by Cape Colony views as nearly one-half of its members will be from Cape Colony. Very probably Mr. Merriman will be the first Federal Prime Minister, and he declared himself only the other day in favour of a just and uniform policy towards Indians in South Africa, by which he no doubt meant the Cape policy. It is possible therefore that strong representations made by the Indian and Imperial Governments on behalf of Indians backed by the power which this resolution suggests may prove more effective at this juncture than they have hitherto been in securing a redress of several of our grievances. My

Lord, I urge this resolution on the acceptance of the Council because I believe it will prove of some use in remedying the evil from which we suffer. But I confess that even if there had been no chance of its proving in any degree effective, I should still have proposed it because I think it is necessary for us now to mark in a formal and responsible manner our resentment at the treatment meted out to us by the South African Colonies and not to take that treatment entirely lying down. At the same time I recognise that the problem by which we are confronted is one of enormous difficulty and that while threats of reprisals might go some way, our main, indeed our real reliance, must continue to be upon a constant appeal to those immutable principles of justice and humanity which alone can form the enduring foundations of a great empire.

Behind all the grievances of which I have spoken today three questions of vital importance emerge to view. First, what is the status of us, Indians, in this Empire? Secondly, what is the extent of the responsibility which lies on the Imperial Government to ensure to us just and humane and gradually even equal treatment in this Empire? And, thirdly, how far are the self-governing members of this Empire bound by its cardinal principles? Are they to participate in its privileges only and not to bear their share of its disadvantages? My Lord, it is not for me to frame replies to these questions—it is for the Imperial and Colonial statesmen to do that. But I must say this, that they are bound to afford food for grave reflection throughout this country. I think I am stating the plain truth when I say no single question of our time has evoked more bitter feeling throughout India—feelings in the presence of which the best friends of British rule have had to remain helpless—than the continued ill-treatment of Indians in South Africa.

INDENTURED LABOUR.

[*On 4th March 1912, Mr. Gokhale, in moving a Resolution in the Imperial Legislative Council recommending the prohibition of the recruitment of Indian indentured labour, spoke as follows :—*]

Sir, I rise to move that this Council recommends to the Governor General in Council that the Government of India should now take the necessary steps to prohibit the recruitment of Indian labourers under contract of indenture, whether for employment at home or in any British Colony.

Hon'ble Members will remember that two years ago this Council adopted a Resolution recommending that the Governor-General should obtain powers to prohibit the recruitment of indentured labour in this country for the Colony of Natal. The Government, who accepted that recommendation, gave effect to it by carrying through this Council the necessary empowering legislation, and the new law was put into operation on the 1st July last against Natal. I respectfully invite the Council to-day to go a step further and recommend that the system of indentured labour should now be abolished altogether. It is true that the Resolution of two years ago was adopted by this Council principally as a measure of retaliation rendered necessary by the continued indignities and ill-treatment to which our countrymen were subjected in South Africa; but my own view, expressed even then in this Council, was that apart from the question of retaliation the system should be abolished because it was wrong in itself. I do not think it necessary to describe to this Council at any length what this system really is. Its principal features may roughly be stated to be six in number. Under this system, those who are recruited bind themselves, first, to go to a distant and unknown land, the language, usages and customs of which they do not know, and where they have no friends

or relatives. Secondly, they bind themselves to work there for any employer to whom they may be allotted whom they do not know and who does not know them, and in whose choice they have no voice. Thirdly, they bind themselves to live there on the estate of the employer, must not go anywhere without a special permit, and must do whatever tasks are assigned to them, no matter however irksome those tasks may be. Fourthly, the binding is for a certain fixed period, usually five years, during which time they cannot voluntarily withdraw from the contract and have no means of escaping from its hardships, however intolerable. Fifthly, they bind themselves to work during the period for a fixed wage, which invariably is lower, and in some cases very much lower, than the wage paid to free labour around them. And sixthly, and lastly, and this to my mind is the worst feature of the system, they are placed under a special law, never explained to them before they left the country, which is in a language which they do not understand, and which imposes on them a criminal liability for the most trivial breaches of the contract, in place of the civil liability which usually attaches to such breaches. Thus they are liable under this law to imprisonment with hard labour, which may extend to two and in some cases to three months, not only for fraud, not only for deception, but for negligence, for carelessness and—will the Council believe it?—for even an impertinent word or gesture to the manager or his overseers. These, Sir, are the principal features of the system and when it is remembered that the victims of the system —I can call them by no other name—are generally simple, ignorant, illiterate, resourceless people belonging to the poorest classes of this country and that they are induced to enter—or it would be more correct to say are entrapped into entering—into these agreements by the unscrupulous representations of wily professional recruiters, who are paid so much per head for the labour they supply and whose interest in them ceases the moment they are handed to the emigration agents, no fair-minded man will, I think, hesitate to say that the system is a monstrous system, iniquitous in itself, based on fraud and maintained by force, nor will he, I think, demur to the statement that a

system so wholly opposed to modern sentiments of justice and humanity is a grave blot on the civilization of any country that tolerates it. Let the Council glance briefly at the origin and the history of the system, and it will at once be struck by three facts which in themselves are a sufficient condemnation of the system. The first is, that this system of indentured labour came into existence to take the place of slave labour after the abolition of slavery. This is a fact admitted by everybody, and Lord Sanderson's Committee, whose report I have before me, put it in the very forefront of its report. The second fact is that it is a system under which even the negro, only just then emancipated, scorned to come, but under which the free people of this country were placed. And, thirdly, what strikes one is that the conscience of Government—and by Government I mean both the Government of India and the Imperial Government—has been very uneasy throughout about this question, as may be seen from various inquiries ordered from time to time into the working of the system, its repeated suspension for abuses, and its reluctant resumption under pressure from planters. The first, and in some respects the most important, inquiry that was held was due to the action that the Parliament in England took at the very start in this matter. As I have already mentioned, the system came into existence about the year 1834, after the abolition of slavery. In 1837 the matter attracted the attention of Parliament, and in the debate on the question that followed the system was denounced in strong terms by Lord Brougham and Mr. Buxton, and other great Englishmen of that time. The result was that the system was discontinued at once and an inquiry was ordered into its nature and working. A Committee of four gentlemen was appointed, who sat in Calcutta and considered the whole subject. The Committee, after a very careful investigation, submitted a majority and a minority report. Three members out of four condemned the system altogether, and urged that it should not be allowed to come into existence again. Only one member expressed himself in favour of reviving the system under certain safeguards which he suggested. The matter went back to Parliament; but the Parliament, already exhausted

by the great effort that it had made in connection with the abolition of slavery and wearied by the constant wail of planters in regard to the ruin that was threatening them, ultimately followed in this case a somewhat extraordinary procedure and adopted the minority report of one member, as against the majority report of three members. And this was done in a very thin House, only about 150 members being present. As a result of this vote, the system was allowed to be revived in the year 1842. The conscience of the Government, however, has continued troubled, and there have been, since then, numerous other inquiries into the working of the system, resulting in its temporary suspension, followed unfortunately by its resumption again owing to the influence of the planters. I will give the Council a few instances. In Mauritius the system was introduced in 1834, was suspended in 1837 on account of the debate in Parliament, to which I have already referred, and was resumed in 1842, after that vote in the House of Commons. It was, however, suspended again in 1844, was resumed in 1849, and was finally stopped last year; at any rate, there is no more any indentured immigration into Mauritius. In British Guiana, the system was suspended in 1838 under the action of the House of Commons, it was resumed in 1844, was suspended again in 1848, and was resumed in 1858. In Trinidad, where it began in 1844, that is after the Parliamentary action I have spoken of, it was suspended in 1848 and was resumed in 1851. In Jamaica it began in 1845, was suspended in 1848, resumed in 1860, suspended again in 1863, resumed in 1869, suspended once more in 1876 and was resumed in 1878. I am omitting the later suspensions and resumptions which were due to indentured labour not being temporarily required by the Colony. In Natal, the system began in 1860, it was suspended in 1869 and was resumed in 1872. Even in Assam, where the system was introduced in 1859, there were inquiries held in 1861, 1868, 1881 and 1895. I have not included in this list the last enquiry of 1906, because it was not undertaken to inquire into the abuses of the system. Now, Sir, these facts clearly show that the Government has been torn throughout between two sets of

considerations—one, a natural feeling of sympathy for the material interests of the white planters, and the other a regard for the humanitarian standards of administration which characterise all modern Governments.

I have so far dealt with facts connected with this question that lie on the surface. I will now deal in greater detail with the principal objections to the system, and I will then say a word about the arguments used in its favour by its supporters. The principal objections to the system are roughly five: The first is naturally its utter inequity. Sir, whatever view one may take of the agreements into which these poor people are made to enter under the system, to dignify them by the name of 'fair contract' is to misuse the English language. For the stream is poisoned at its very source. It is significant that nobody has a good word to say for the professional recruiters who entrap and entice away these poor people. The recruiters are admittedly men who are generally ignorant and unscrupulous, and who, with the exception of perhaps a very few, have never been to the Colonies for which they recruit, and who, being paid so much per head, try by hook or by crook to get into their meshes as many persons as they can. The Government of India stand aside on the plea that it is a fair contract between the emigrant and his future employer. Sir, how can a contract be called a fair contract, the two parties to which are most unequally matched? How can it be a fair contract when one party to it is absolutely in a state of ignorance and helplessness, and the other party—the powerful party—takes care that it shall not know how much of it is undertaking to abide by. Take, for instance, the penal nature of the contract. The terms that are explained to the emigrants, when they enter into indenture, never include a statement of the penal nature of the law under which they have to live. Here, in Volume III of the Sanderson Committee's report the Council will find the agreements for the different Colonies reproduced. There is not a word here about the penal liabilities thrown on the poor creatures by the special laws under which they must live in the several Colonies. If this single fact is explained to them before they agree

to emigrate, namely, that they would be placed in the Colonies not under the ordinary civil law for the enforcement of the contract but under a special penal law rendering them liable to imprisonment with hard labour even for trivial faults, I should like to see how many even of such ignorant, resourceless people agree to go to these distant places. I say, therefore, that the stream is poisoned at the source; that it is not a fair contract; that it is a contract between two parties that are absolutely unequally matched, a contract vitiated by the fact that most important facts in connection with it are kept from the knowledge of one party.

In this country, Sir, the Government have from time to time enacted laws for the special protection of the peasantry. In the Bombay Presidency, for instance, we have the Dekkhan Agriculturists' Relief Act. In the Punjab some time ago legislation was passed restricting the right of the agriculturist to alienate land. The theory that underlies such legislation is that persons who are ignorant and resourceless, do not stand on terms of equality with those who are well-to-do and who possess knowledge, and that a contract between two such parties is not necessarily a fair contract. The State, therefore, has a right to look into such contracts carefully, to go behind them, so to say, for the purpose, and then decide how far they should be enforced. If this is the case where only civil liability attaches to contracts, how much more should that be the case where penal liability is thrown on the party—and that the weaker party—under the contract? I therefore say that this system is altogether iniquitous. The apologists of the system, however, urge that there are safeguards provided to prevent hardship and injustice to the emigrants when they go to their respective colonies; two such safeguards are specially mentioned; one is that in every colony there is an officer known as the Protector of Immigrants, specially to look after the interests of indentured immigrants. And secondly, there are the Magistrates to give the protection of the law to the immigrants against any cruelty that may be practised on them by their employers. Sir, these safe-

guards look all right on paper; in actual practice, however, both are found to be more or less illusory. These men—the Protectors and the Magistrates—are officers of the Colonial Governments. They belong to the same class to which the planters belong. They are generally one in sympathy and in interests with the planters: and it is not in ordinary human nature that they should care to displease those with whom they have to live, with whom they have to mix socially—and all this for granting protection to the poor, ignorant people from a distant land, in whom their interest is purely official. Sir, if the Council has any doubt in the matter, let it turn to the evidence that is contained in the second volume of the Sanderson Committee's Report. I invite the Council to go through the evidence of a Protector named Commander Coombes; I must also ask you to read the evidence of another witness who had once been a Protector, named Mr. Hill; and I lastly ask you to go through the evidence of a Magistrate from Mauritius, a gentleman named Mr. Bateson. Commander Coombes was Protector of Immigrants in Trinidad in the West Indies; Mr. Hill was a Protector in the Straits Settlements, that is, on this side nearer home; and Mr. Bateson was a Magistrate in Mauritius. Of the three witnesses, Commander Coombes is frankly a friend of the planters; he makes no secret of the fact that he is there nominally as a Protector of the Immigrants, but really to see that they do the work for which they are taken to the colony. It comes out in the cross-examination of this gentleman that he is himself a planter, and one can easily see where his sympathies must be on account of his position as a planter. Of course he takes care to say that he himself does not employ indentured labour, but he is obviously very much alive to the difficulties of the planters in that place. This gentleman uses the word 'we' when he has occasion to speak of the planters. Thus in explaining how he deals with coolies, who complain that they cannot do the work, he says: '*We* send for them, and *we* tell them that they have been brought to this colony for doing their work; and if they do not choose to do so, they will have to do work for Government for nothing in jail: and it is left for them to choose either the one or the

other!' The whole evidence of this witness shows an attitude of complete identification with the interests of the planters and of hostility to the interests of the immigrants, and it is an irony that he should have the title of Protector of Immigrants. The other Protector I have mentioned, Mr. Hill, is of another type altogether—a very rare type, but a type that does honour to the English name. In spite of the fact that socially and in other ways his life was bound up with that of the community in whose midst he was placed, he stood up boldly in defence of the interests of the immigrants and thereby incurred the serious displeasure of the planters. And what was the result? He was removed from his office before his term had expired. He found that the mortality among the indentured population in the Straits Settlements in his time was very high, and he drew the attention of the planters to that and insisted on their carrying out strictly the terms of the ordinances concerning the health of indentured labourers. The answer of the planters was to remove him from his office, and to appoint another in his place, even before the expiry of the time for which his appointment was made. And because he was a strong man, who would not take such treatment lying down, the Colony had to pay him £2,500, being his salary for the unexpired period for which he should have held office. They paid him the full salary for the unexpired period, because they thought that that was a smaller evil to them than his being there to protect the interests of the immigrants. The third witness, to whose evidence I call the attention of the Council, is a Magistrate from Mauritius—Mr. Bateson. I have already told you how these poor creatures are liable to be punished with hard labour for the most trivial faults—even for an impertinent word or for an impertinent gesture. Mr. Bateson speaks out strongly against this. It is impossible for me with the limited time at my disposal to read to the Council any portions of this important evidence, but I must ask Hon'ble Members to mark specially two or three of Mr. Bateson's statements. In one place, he says, 'the system resolved itself into this—that I was merely a machine for sending people to prison.' In another place he says, 'there is absolutely no chance of the coolie being

able to produce any evidence in his own favour; the other coolies are afraid to give evidence; they have to work under the very employer against whom they may be called upon to give evidence.' He says that even if a coolie came before him with marks of physical violence on his body, it was practically impossible to convict the person charged with assaults for want of corroborative evidence. Then he says, 'it was a most painful sight to him to see people handcuffed and marched to prison in batches for the most trivial faults.' Well, I do not wish to dwell at greater length on this evidence; but those who will go through it will know what value to attach to the statement that the presence of the Magistrate in these Colonies is a safeguard to the coolie against ill-treatment. So much then about the illusory nature of the safeguards. My third objection to this system is the vast and terrible amount of suffering that it has caused during the 75 years that it has been in existence. Sir, it is difficult to speak in terms of due restraint on this point. Even the hardest heart must melt to think of this phase of the question. I will not speak now of the imprisonments with hard labour endured for trivial faults; I will not speak of personal violence which in some cases has been proved and very many cases could not be proved, though alleged. I will not speak of the bitterness engendered in the minds of thousands when they realised that they had been deceived, that they had been entrapped, and that there was no escape for them. I will not speak of the homesick feeling, destroying their interest in life. These are all serious matters that could be charged against the system. But more serious even than these is the heavy mortality that has prevailed in the past in all colonies under the system, a mortality which has been examined from time to time by Commissions of Inquiry and which has been established beyond doubt—a mortality for which indentured emigration was prohibited to Federated Malay States only last year, and which even to-day is admitted to exist in certain districts of Assam amongst the statute labourers. Then the numerous suicides which have resulted from the system—poor, innocent people preferring death with their own hands to life under it—are a ghastly feature of the system. And, Sir, last, but not

least, the unutterable tragedy and pathos of men and women, at a distance of thousands of miles from their homes, knowing full well that the vast sea rolled between them and their native country, starting actually to *walk* back to their country, imagining in their simplicity and ignorance that there must be a land route somewhere, and either caught on their way and forcibly taken back to the life from which they were fleeing or else devoured by wild beasts or perishing of hunger and cold ; all this, Sir, constituted a sum total of human misery which is appalling to contemplate, and which will be a standing witness against the system for all time. It is true that things are somewhat better now, but they cannot be very much better under a system which has inherent characteristics such as those that I have described. Moreover, as Lord Curzon said in this Council in 1901, even if such cases have occurred only in a few instances, the very fact that such cases can occur under the system constitutes a severe condemnation of the system.

Sir, my fourth objection to the system is the frightful immorality that is inseparable from it. This is a fact which has been admitted by everybody, among others by the Government of India and by the Sanderson Committee. The Committee, who deal with all other phases of the indenture question, carefully avoid making any recommendation as to how the frightful immorality involved in the system may be remedied. Under the law, every hundred male indentured labourers must be accompanied by 40 females. Now very few respectable women can be got to go these long distances; our men themselves do not really care to go, much less do the women. The statutory number, therefore, is made up by the recruiters, and, as admitted by the Government of India in one of their despatches to the Secretary of State, by including in it women of admittedly loose morals, with results in the colonies which one had better leave to the imagination of the Council than describe. Sir, this frightful immorality has characterized the system from the very first. As Mr. Jenkins, who was afterwards first Agent General of Canada, said in 1870, 'the women are not recruited for

any special work, and they certainly are not taken there for ornamental purposes.' He also speaks of the immoral relations existing not only between many of these women and the men for whom they are taken from this country, but also between them and some of the planters themselves and their overseers. It is a shocking affair altogether, a considerable part of the population in some of these colonies being practically illegitimate in its origin.

My last objection to the system is that it is degrading to the people of India from a national point of view. I do not think I need really say much on this aspect of the question. Wherever the system exists, there the Indians are only known as coolies, no matter what their position may be. Now, Sir, there are disabilities enough in all conscience attaching to our position in this country. And I ask, why must this additional brand be put upon our brow before the rest of the civilized world? I am sure, if only the Government will exercise a little imagination and realise our feeling in the matter, it will see the necessity of abolishing the system as soon as possible.

I will now turn for a moment to the arguments which are usually adduced in favour of this system. Briefly they are three. First of all it is said that without this system of indentured labour, the sugar and other industries in many of the colonies will cease to exist; the second argument is that, under the system of indenture, a certain number of Indians make remittances to this country and thus a certain amount of money is received here; and thirdly, that a number of these men, after completing their indenture, settle down in the colonies, become prosperous and attain a status which they could never attain in this country. Now, Sir, so far as the first argument is concerned, I may brush it aside at once; it does not concern us nor does it concern the Government of India, who are here to promote our interests. If the planters cannot carry on their sugar or other industries without a continuance of this pernicious system the sooner those industries cease to exist, the better. As regards the remittances made, or the amounts brought to

this country by returned emigrants, considering that these people have been for five years under indenture, the savings are really very small. The average savings brought to India are about Rs. 150 per head; in a few cases, the amount may be higher, Rs. 200 or so, but the average is about Rs. 150. Now Rs. 150, saved in five years, means only Rs. 30 a year or Rs. 2-8 a month. This is not very much after all. The mill-hands in Bombay, for instance, can save much more than that. Again, what about those who save nothing, are broken down in health and spirits, and either perish in the colonies or else are sent back to this country, mere wrecks of their former selves? Finally, as regards those who settled down in the colonies and prosper in the first place, the number of such persons is very small; and secondly, even they have to go through a system with which are associated all the degradation and misery of which I have spoken. When these things are considered, it must be admitted that even if a few persons prosper under that system after the completion of their indenture, the price that has to be paid for such prosperity is far too great.

Sir, I will now briefly refer to the extent of this evil, as it exists at the present moment. I will not deal with the case of those colonies where indentured labour once flourished but has now been stopped. In four French colonies and one English colony it has been stopped on account of abuses; in one English colony it has been discontinued for economic reasons, and in another it has been prohibited as a measure of retaliation. But the system still prevails in three British colonies in the West Indies, namely, British Guiana, Trinidad and Jamaica, and in one Dutch colony named Surinam, about which, however, under our rules I am precluded from saying anything. Then it exists in Fiji, a Crown Colony in Australasia; there is also a small supply of indentured labour to the Straits Settlements; and last, there are four or five districts in the Upper Valley of Assam where the system is still in force. The annual supply to the different colonies comes to a little less than 2,000 in the case of Fiji; about 600 to Jamaica; and nearly 3,000 to Trinidad; and about

2,200 to British Guiana. In Assam the whole labour force is about 800,000, of which the indentured labourers are now only about 20,000. Now taking Assam first—and here I would like to express my obligations to the Hon'ble Mr. Clark for his courtesy in having a note on the subject specially drawn up for me in his office, giving me up-to-date information on the subject—I understand that the Government have decided to stop the system of indenture altogether there from next year. The Hon'ble Sir Charles Bayley stated the other day in one of his speeches in East Bengal that, from July 1st of next year, this system would cease to exist in Assam. Probably the Hon'ble Member in charge of the Department of Commerce and Industry will also make a statement on the subject to-day. As the system will be discontinued from next year in Assam, I do not wish to say anything more about that here. I would, however, like to point out that the Committee, appointed in 1906, recommended the complete stoppage of indentured labour in Assam in the course of five years. They would have liked to stop it earlier, but they did not want to inconvenience the planters, and therefore they suggested an interval of five years. According to that, the system should have been discontinued in 1911. And I should like to know why it has been allowed to go on for two years more. That is, however, comparatively a small matter. But, Sir, if the Government has decided to stop the system in Assam, where its working can be watched under its own eyes, I cannot see why it should be allowed to continue in the case of distant colonies, where there can be no such supervision. The position of those who urge the abolition of the system becomes now all the stronger on account of the Government contemplating its abolition in Assam.

Then, Sir, there is the question of re-indenture in three colonies—in Natal, to which indentured emigration has now been prohibited, in Mauritius, where it has stopped of itself owing to economic causes, and in Fiji, where it is still allowed to continue. This re-indenture is one of the most vicious parts of the system, because though a man may indenture himself at the start only for five years, by

means of repeated re-indenture he could be kept in a state of perpetual servitude. And this has become a most serious question now in Natal. There the Government of the colony imposes an annual £3 tax on all ex-indentured labourers who want to settle there as free persons. All those who have been emancipated since 1901—males above 16, and females above 13—have to pay this £3 tax. Now see how it works in practice. Take a family of husband and wife and four children—two daughters of 13 and 15 and two boys below 13. The family must pay the tax for four persons—father, mother and the two daughters—or £12 a year, that is, £1 a month. The man can earn an average wage of about 25 shillings a month, and the wife and the two girls may earn among them about 15 shillings extra, that is, which means a total income of 40 shillings or £2 a month for the family. Of this, half or £1 has to be paid as license-tax. Then there are other taxes; and there is house-rent. The Council may judge how much can remain after deducting these expenses for food and clothing for six persons. Is it any wonder that this tax has broken up homes—as has been admitted by prominent Natal men—that it has driven men to crime and women to a life of shame? Sir, there is no doubt whatever that the tax is nothing less than a diabolical device to drive the poor Indians either into re-indenture or else out of the colony. It is, therefore, a matter of the utmost importance that the Government should take the earliest possible steps to bring this miserable system of re-indenture to an end. I may mention that the Sanderson Committee has strongly recommended the stoppage of re-indenture.

One word more, Sir, and I will bring my remarks to a close. Sir, this is a question which really throws a great responsibility upon the Government. I am aware that the Government of India have from time to time taken up the position that they maintain an attitude of neutrality in this matter, that they do not themselves encourage indentured emigration, but that if people choose to accept certain terms and go, it is not for them to interfere. I would only ask the Council to contrast this attitude with the attitude which the Government have adopted in regard

to the peasantry of the country, in legislating on lines to which I have already referred. I do not think that the Government can absolve themselves from their responsibility in this manner. In the first place, the recruiters are granted licenses to recruit by District Magistrates. That, in itself, imposes a responsibility upon the Government, because, by granting licenses to these persons, the Government make themselves to a certain extent responsible for the representations by which these men secure recruits. Then the Magistrates, before whom the poor emigrants are taken and made to enter into agreements, are the servants of Government. The third and last point is that, though the fact about the penal nature of the contract has been carefully kept out of all agreements all these years, the Government have so far taken no steps whatever to remedy this. I would like to know from the Hon'ble Member, when he rises to reply, why this has happened, and how the Government explain their inaction in the matter. If a penal liability is not necessary to the system, I shall gladly withdraw the greater part of my objection to the system. If you are prepared to abolish the penal nature of the contract under which these labourers have to work, the rest would be comparatively a very simple question, and I shall not press this motion to a division; but, as I understand it, the penal provisions are the very essence of the system; without them the system cannot be worked. If penal liability is thus indispensable, I ask why the Government have not taken steps all these years to see to it that this nature of the contract is explained to the emigrants before they enter into their agreements? Sir, this is really a most serious question, for whatever the Government may say, as a matter of fact, everybody in the country believes that without the countenance of Government, the system could not have gone on so long. India is the only country which supplies indentured labour at the present moment. Why should India be marked out for this degradation? The conscience of our people, unfortunately asleep too long, is now waking up to the enormity of this question, and I have no doubt that it will not rest till it has asserted itself. And I ask the Government not to make the mistake of ignoring a sentiment that is dear

to us, namely, the sentiment of our self-respect. We have no doubt plenty of differences between the Government and the people in regard to the internal administration of this country; but those are matters which stand on a different footing. Outside the country, the Government of India must stand up for us on every occasion; must stand up for our dignity, for our honour, for our national pride. If they will not do this, to whom else can we turn? I feel, Sir, that though this system has been allowed to exist so long, yet its days are really numbered. It will soon cease in Assam, and then it cannot last very much longer in the case of the colonies. And I am confident that a people who have spent millions upon millions in emancipating slaves, will not long permit their own fellow-subjects to be condemned to a life which, if not one of actual slavery, is at any rate not far removed from it. Sir, I beg to move the Resolution which stands in my name.

[*Replying on the debate which ensued, Mr. Gokhale spoke as follows*:—]

Sir, the Council has heard two speeches against this motion, one from the Hon'ble Mr. Fremantle and the other from the Hon'ble Mr. Clark; and I will first deal with what has fallen from Mr. Fremantle. The Hon'ble Member began by complaining—and in that complaint the Hon'ble Mr. Clark joined later on—that I had referred only in passing to the recommendations of the Sanderson Committee. Sir, it is quite true that I made only a very passing reference to the deliberations of that Committee. Shall I tell you why? It was because I was very much disappointed with some of the recommendations of that Committee. I think the whole standpoint from which the Committee approached the question was faulty. But the responsibility for that lay with the terms of reference. The Secretary of State had appointed the committee, as the terms of his minute show, to consider—

> the general question of emigration from India to the Crown colonies, and the particular colonies in which Indian immigration may be most usefully encouraged and so on.

Thus the standpoint from which the members were invited to approach the question was not whether indentured emigration should be permitted from India but how Indian emigration should be encouraged to the Crown Colonies. The Secretary of State started with the assumption, and the committee took up the assumption, that Indian immigration was necessary for the Crown Colonies, and the question to be considered was how it was to be encouraged. That being so, whatever was against indentured emigration was more or less lost sight of and whatever went to favour such emigration was prominently brought forward. Even so, there are statements in the report which go to show that if the Committee could have recommended the abolition of indenture, they would have gladly done so. One has only to read between the lines of the report to see that it is so. But being convinced that Indian emigration to the colonies was possible only under contract of indenture, and impressed with the idea that without such emigration the interests of the colonies would be jeopardized, the Committee could not but make the recommendations which it has made. Sir, the Hon'ble Member has told the Council that though the penal provisions of the contract are not stated in the agreements or explained beforehand, after all the coolies who go under the system understand what they are going to do in the colonies. This, coming for my Hon'ble friend, is surprising. Let me appeal in the matter from Mr. Fremantle, Official Member of this Council, speaking against my Resolution, to Mr. Fremantle, member of the Sanderson Committee. The report of the Committee, which the Hon'ble Member has signed, says:—

We have heard from many colonial witnesses who gave evidence before the Committee that Indian emigrants, when drawn from the agricultural classes, make excellent settlers and that a large proportion do actually settle down either on the sugar and other plantations or on holdings of their own. Yet it seems doubtful whether the majority of the emigrants leaving India fully realise the conditions of the new life before them or start with the deliberate intention of making for themselves a home in a new country. They go because they are uncomfortable at home and welcome any change of circumstances. They have quarrelled with their parents or their caste fellows, or they have left their homes in search of work and have been unable to find it. Many are not recruited in their own village. The recruiters hang about the bazaars and the

high roads, where they pick up loiterers and induce them to accompany them to the depots and agree to emigrate by relieving their immediate wants and by representations, no doubt often much overdrawn, of the prospects before them. The male emigrant more often than not is accompanied by any member of his family, and, indeed, the family is frequently not even aware that he has left the country until (possibly some years afterwards) he reopens communications. Since, except in times of scarcity or of famine, the supply of casual recruits of this kind is not likely to be large at any one place, the net of the recruiters has to be spread far afield, and we hear of their operations in Delhi, in Rajputana and in Bundelkhund, where there is certainly no congestion of population, but, on the other hand, constant complaints of insufficiency of labour both for agricultural and industrial purposes. The same is the case in Calcutta, where about one thousand emigrants are registered yearly, and still more so in Cawnpore, where the local Chamber of Commerce has on several occasions called attention to the prevailing scarcity of labour and deprecated the encouragement of emigration to the colonies.

That shows, Sir, how much these poor people know about the life to which they are going, and how far the contract is a free contract.

Then, Sir, my Hon'ble friend said that whatever abuses there might have been at one time, there were no serious abuses now. I will mention to the Council certain facts brought to the knowledge of the Committee by one of the witnesses, Mr. Fitzpatrick, to whom Mr. Fremantle has himself referred. Mr. Fitzpatrick mentions two cases of serious abuse and they are both of them really significant of the feeling which still prevails in the colonies on the right of indentured labourers to proper treatment. Both cases, it should be remembered, were tried in Courts, and in both cases convictions were obtained. This is what Mr. Fitzpatrick says :—

To put it briefly. Four overseers on Hermatage Estate, Trinidad, beat several indentured emigrants, and amongst them a woman. One of the male immigrants laid a charge of assault and battery and the overseers were fined 10 shillings each.

One of the blows received by the female immigrant was on her abdomen. She being pregnant at the time, abortion immediately took place, thus endangering her life.

The immigration authorities for so serious an offence were satisfied to lay a charge against the overseer for the minor charge

of assault and battery. The Magistrate fined the accused £2 only and £8 as compensation.

The charges for beating the other two immigrants were withdrawn by the Inspector. On the 29th September, four immigrants were charged for assaulting an overseer. They were not fined but sentenced to three months' hard labour.

I will leave it to the Council, Sir, to say, after this, if there are now, no abuses under this system.

Then, Sir, the Hon'ble Member says that serfdom exists even in India. If that is so, the Government should deal with that at once. I do not know of any instances of serfdom that may exist in this country. But if serfdom does exist here, by all means let it be put a stop to at once. We must distinguish, however, between the kind of serfdom that Mr. Fremantle mentions and the serfdom that the system of indenture imposes upon indentured people. In the cases which the Hon'ble Member mentions, is there the right of private arrest? Are there imprisonments with hard labour for negligence, for carelessness, for impertinence or for things of that kind? That really is the essence of my complaint about the system. The Hon'ble Member has told the Council that he could not understand why the non-official Members of the Council should make so much fuss about this matter. He did not say it in so many words, but that is what he meant. But practically the same thing was said when proposals to abolish slavery were first brought forward. The friends of the planters in the House of Commons, when the question was brought forward there, said that the slaves were contented and they could not understand why the abolitionists wanted to disturb the contentment and the harmony of their lives. The Hon'ble Member said that Indians in the colonies certainly would not thank me for bringing forward this Resolution. Sir, I am quite content that he should earn their thanks by opposing the Resolution. Be his the thanks which the champions of slavery expected to receive from those who were anxious to continue in slavery! Be mine the denunciation, with which the advocates of abolition were threatened by those champions at the hands of slaves, unwilling to be free!

One more remark of Mr. Fremantle's I must notice. He mentioned the fact that 475 returned emigrants went back again last year, as evidence of the satisfactory conditions of life that prevailed in the colonies for indentured people. But 475 out of how many returned emigrants? If things were really attractive there, why should not a larger number go? I remember to have read in this report (Sanderson Committee's report) an explanation as to why a few men, after coming back to India, again return to the colonies. It is because these people, having stayed for a number of years in the colonies, find it impossible to get back into their old grooves of life in India and after spending some time here and there, and not knowing what else to do when their savings are exhausted, they again go to the colonies in a spirit of venture. The Protectors and the planters, however, do not want them. Indeed, their attitude towards such returned emigrants came out very well in the evidence of Commander Coombes. And curiously it was my Hon'ble friend, Mr. Fremantle, who, in his examination of Commander Coombes, brought out the fact that Protectors and planters do not like to receive returned emigrants, as it is feared that they know the system too well and are sure to poison the minds of other emigrants on the voyage. Mr. Fremantle summed up this attitude in these words:—

> It sounds rather as if you wanted to keep the people who come out in the dark as to the conditions in the colony if you discourage returned immigrants.

I am therefore surprised that he should mention the fact of these 475 returned immigrants going back as a sign that the system was satisfactory.

Now, Sir, I will say a few words in reply to what the Hon'ble Mr. Clark has said. I am thankful to the Hon'ble Member for the promise that he has given of inquiring into why the fact of the penal nature of the contract is not mentioned in the agreements. I hope that the inquiry will be satisfactory and that this fact will be prominently brought out in all future agreements. The Hon'ble Member wondered how I could attach any importance to the fact that emancipated negroes scorned to come under

the indenture system, and how from that I concluded that there was something servile about the system. Now, Sir, any man who goes through the third volume of Sanderson Committee's report will see what opinion the emancipated negroes have of the system. In Jamaica there is plenty of emancipated negro labour, but the emancipated negroes require higher wages than what are paid to indentured Indians, and the planters are not willing to pay them because their profits are reduced if higher wages are paid. And what is the result? The negroes are emigrating from Jamaica. The Baptist Union of that Colony has pointed out in one of its representations that the emancipated negroes there are being forced to emigrate elsewhere for want of employment. They do not get the wages they want; they cannot be satisfied with the wages offered to them; and therefore they are compelled to emigrate from the places where they were born, and where they have spent all their lives. The Council will thus see that the emancipated negroes think that the indenture system is not good enough for them; and I am quite justified in drawing from this the conclusion that it is a system unworthy of free or even emancipated men, and I think that that is a sufficient condemnation of the system.

Then, Sir, the Hon'ble Member said that emigrants might be ignorant of the conditions under which they would have to live, when they start, but things are explained to them when they land.

What is the good of explaining things to them when they are ten thousand miles away from their houses? If they were explained before they started, then that would be something.

The Hon'ble Mr. Clark: The Hon'ble Member has misunderstood me. I said that the terms of the contract were explained to them when they were registered and again when they came to the depot before they sailed.

The Hon'ble Mr. Gokhale: I understood the Hon'ble Member to say that the things were explained to them when they reached the colonies. In any case the penal nature

of the contract is not explained to them here, and that is my main argument. Then the Hon'ble Member told us that these laws of the colonies dealing with indentured labourers were laws which had received the assent of the Government of India.

The Hon'ble Mr. Clark: I am sorry to interrupt the Hon'ble Member again. Colonial laws do not receive the assent of the Government of India. What I said was that if we found that the laws and their operation were open to objection, we could always stop emigration.

The Hon'ble Mr. Gokhale: I am sorry that I was not able to hear quite clearly what the Hon'ble Member had said, and I mentioned the impression left on my mind. However, I will mention one instance of how laws passed in the colonies are often approved by the Government of India, as a matter of course. The law in Natal which imposes the £3 annual tax on ex-indentured Indians was passed in 1895, and it was approved by the Government of India. I am quite sure that the approval could not have been deliberate. There was then no separate Department of Commerce and Industry, and the thing must have gone through the ordinary routine, some Under Secretary saying that he saw nothing objectionable in the Act, and thus the Government of India's approval must have been notified to the colony. Well, that is the way in which laws are approved, and that is also the way their operations are watched from this distance. The Hon'ble Member also said there is a provision in the statutes for complaints being heard, that the Protector goes round in many places to hear complaints. Commander Coombes tells us that he visits the estates three times in the year. And what does he do? Before he goes, he sends a notice to the manager, and when he goes round, he is accompanied by him. Under these circumstances how many people will come forward, in the presence of the planter, to lodge complaints before the Protector, who visits an estate after giving proper notice to the manager and after the manager has had time to set everything right? Sir, the whole thing is on the whole a more or less make-believe sort of things and we cannot attach much value to it.

Referring to the argument used by the Hon'ble Sir Vithaldas Thackersey that India wants all her labour for herself and she cannot afford to lose those who emigrate to the colonies, the Hon'ble Member says that such emigration cannot appreciably affect the labour-supply of India. But if the reduction in the labour-supply is so small, the benefit that India gets from the remittances of emigrants is also trivial; so really both factors must be eliminated from our consideration of this matter.

The Hon'ble Member holds that the colonies are a part of the Empire, and that, though the question of their interests does not directly concern us, it cannot be left out of account altogether on Imperial grounds. Well, Sir, if the colonies are a part of the Empire, we too are a part of the Empire. But do the Self-governing Colonies ever take that into account? What have they ever done for us and what obligation rests on us to take the interests of the colonies into our consideration and submit on their account to conditions which, in essence, are not far removed from the servile? Moreover, if the people of India and of the colonies belong to the Empire, so do the emancipated negroes. But what happens to them? It is a heart-rending tale which is told in the appendices to the Sanderson Committee's Report—that of the manner in which these neglected people are driven to emigrate from the colonies in which they were born by want of employment.

Finally, the Hon'ble Member objects to my comparison between this system and slavery. It is true that the system is not actual slavery, but it is also true that it is not far from it. The contract is not a free contract. You have here the right of private arrest, just as they had in the case of slavery. Moreover, the labourer is bound to his employer for five years and he cannot withdraw from the contract during that period. And there are those harsh punishments for trivial faults. Therefore, though the system cannot be called actual slavery, it is really not far removed from it.

One word more, Sir, and I have done. The Government, it is clear, are not going to accept this Resolution. That being so, the Resolution is bound to be thrown out. But, Sir, that will not be the end of the matter. This motion, the Council may rest assured, will be brought forward again and again, till we carry it to a successful issue. It affects our national self-respect, and therefore the sooner the Government recognize the necessity of accepting it, the better it will be for all parties.

THE COST OF BUILDING NEW DELHI.

[*On 7th March 1912, the Hon'ble Mr. Gokhale, in moving a Resolution in the Imperial Legislative Council recommending that the cost of building new Delhi should be met entirely out of loan funds, spoke as follows:*—]

My Lord, I beg to move that this Council recommends to the Governor-General in Council that the amount of the loan to be raised during the next year be increased by one crore of rupees, so that the expenditure proposed to be incurred for building new Delhi in 1912-13 should be met entirely out of loan funds and not partly out of next year's estimated surplus.

My Lord, I do not think it is necessary for me to occupy the time of the Council for many minutes in discussing this question, because the issue which the Resolution raises is a comparatively simple one and may be briefly stated. In the Government of India despatch of 25th August last, recommending the administrative changes, recently carried out, to the Secretary of State, the question of the cost of building new Delhi is thus dealt with :—

> The cost of the transfer to Delhi would be considerable. We cannot conceive, however, that a larger sum than 4 millions sterling would be necessary, and within that figure probably could be found the three years' interest on capital which would have to be paid till the necessary works and buildings were completed. We might find if necessary to issue a "City of Delhi" gold loan at 3½ per cent. guaranteed by the Government of India, the interest, or the larger part of the interest, on this loan being eventually obtainable from rents and taxes.

It is quite true that the language of this extract is guarded, but still what the Government mention here is that a loan to be called 'the City of Delhi loan' might have to be raised in order to meet the cost of constructing the new capital. There is no mention made here of spending any money on the new capital out of current

revenues—either out of regular revenue allotments in the budget or out of surpluses. The Hon'ble Finance Member, however, in his Financial Statement explains the course he proposes to adopt in the following words:—

I may say at once that we are not yet in the possession of any estimates of its cost. Plans for the temporary housing of the Government of India headquarters are under preparation; but no plans for the permanent Imperial City are to be thought of until the best available experts have studied and advised upon the project in all its bearings. Meanwhile, my immediate duty has been to devise a scheme for financing the work, a scheme which will be as little onerous as possible to the taxpayers of India. Three possible alternatives have presented themselves throughout. The first, and in some ways the most attractive, would be a special Delhi loan. The second would be to charge the whole expenditure as it occurs against current revenue. The third would be to put the Delhi works on precisely the same footing as our large railway and irrigation works, treating them as capital expenditure and financing them partly from loans and partly from whatever spare revenues remain in each year after meeting our ordinary administrative needs. I shall not weary the Council by the various considerations which decided us, with the full approval of the Secretary of State, to adopt the third of these courses. It will, I believe, commend itself to the financial and commercial community of India. By treating the Delhi operations as ordinary capital work, we ensure the greatest possible elasticity in the provision of funds; we avoid unnecessary additions to our unproductive debt; and I hope we allay the fear—so far as I am concerned a baseless fear—that the new city will be built from the produce of fresh taxation.

The Hon'ble Member goes on further to say that—

If money is easy and we can obtain more than we immediately require, it will lie in our cash balances available for future use. Meanwhile, as we shall now have three sections in our annual capital programme instead of two, we may reasonably enlarge the conventional figure of one crore which we have hitherto endeavoured to secure as our revenue surplus. There is no need to fix any standard surplus; much will depend on the circumstances of the year and on the other interests concerned; but whenever we find ourselves able to budget for a larger surplus than £667,000 without detriment to the other claims upon us, we shall do so until the financing of new Delhi is completed.

It will be seen that in this extract the Hon'ble Member does not confine himself to the idea of building Delhi out of loan funds but makes prominent and even pointed mention of devoting such surpluses as may be available to

the new capital. Now, my Lord, I do not say that there is necessarily any inconsistency between the despatch of the Government of India and the statement which the Hon'ble Member has made. It may be urged that while the despatch of the Government of India merely mentions that it *might* be necessary to raise a loan, it does not bind the Government to build Delhi out of loan funds only; on the other hand, the language of the Hon'ble Member, though it speaks of devoting surpluses to the construction of Delhi, does not exclude the possibility of raising a loan for building the capital. This, my Lord, is perfectly true. But the general impression left on the minds of those who read the despatch undoubtedly was that the new capital would be built out of loan funds, as any one can see from what appeared in various newspapers at the time on the subject. On the other hand, the impression that is strongly created by the words which the Hon'ble Member has used in his Financial Statement is that surpluses would first be devoted to the building of Delhi, and if any more money is required, that would be found by means of loans.

My Lord, the Hon'ble the Finance Member says that he wishes to allay the fear—so far as he is concerned, he thinks it is a baseless fear—that the new city will be built from the produce of fresh taxation. Now, in speaking of fresh taxation, I fear the Hon'ble Member is taking only a technical advantage of certain expressions which have appeared in the Press in this connection. It is true that immediately after the Delhi announcements some newspapers started the cry that the new capital would cost a lot of money, and that fresh taxation would be necessary. But, my Lord, whether the Government imposes fresh taxation for building Delhi or keeps up taxation at a higher level than is necessary for the ordinary needs of the country and secures surpluses which it devotes to Delhi, is after all the same thing. For when you devote your surpluses to this work, you practically take that money out of the current revenues of the country. My Lord, what is a surplus? It is so much more money taken by the Government from the people than what is necessary

for the ordinary requirements of the administration. If the Government could estimate exactly the expenditure required for a year and could also form an exact estimate of the revenues which would be required to meet that expenditure, then there would be no surplus—at any rate, no large surplus. It is because it is impossible to estimate accurately how much revenue the Government would require in a year that surpluses accrue. But when they so accrue, the fact is clear that, to the extent represented by them, the Government has taken from the people more than what was required for the actual purposes of the administration. Now, my Lord, there are three ways in which a surplus may be expended. You may devote it either to a reduction of debt; or you may devote it to a reduction of taxation; or it may be devoted to expenditure on useful objects in the country. In most Western countries, when a surplus is realized, it is devoted to a reduction of debt. In this country, the practice, though not identical, ultimately results in the same thing. Our surpluses in the first place find their way into our cash balances and from these they are either devoted to expenditure on railways or irrigation, that is, to productive works—which ultimately reduces our unproductive debt by a corresponding amount—or they are directly used for reducing our debt. But whether they are used in the first or second way, the result is ultimately the same, namely, that of reducing our unproductive debt. This, however, has been one of the principal grievances which non-official Members have urged in this Council again and again for several years past. I, for one, have been raising my humble voice year after year against this misapplication of our surpluses since I entered this Council, now eleven years ago. Year after year I have been pointing out that while this may be sound finance in the West, it is not sound finance in this country, where the unproductive debt is really a very small amount. Last year I went at some length into the question as to what was the amount of our unproductive debt. I took all the various liabilities of the Government into consideration, as also all the sums due to it and its cash balances; and I showed that the actual unproductive indebtedness of the Government of

India—putting aside the vast sums that have been spent on railways and irrigation, as they are earning their interest—was about 30 millions sterling only. Since then the Hon'ble Member paid off 2 millions out of last year's opium surplus. And this year he pays off again another million out of this year's opium surplus. Thus, three millions are knocked off, leaving only about 27 millions as representing our net unproductive indebtedness. It is true that the figures of unproductive debt which are given in Government publications are higher, because they do not take into account certain sums which are on the other side, namely, the loans that have been advanced by Government to Native States, to local bodies or to cultivators, and they also leave out of account our large cash balances. Now, an indebtedness of only 27 millions is a mere trifle for a country like India; in any case, there need not be this great hurry to pay it off. If the Government will provide a regular sinking fund of a reasonable amount to pay off the debt, there will be no occasion for anybody to complain. As a matter of fact, there is already provision for such a sinking fund as I pointed out last year. Under Railways there is a sum of a little over eight hundred thousand pounds, which automatically goes to the redemption of debt. Then again, under Famine Relief and Insurance, a sum of nearly half a million is always allotted to avoidance or reduction of debt. A million and a quarter thus, or to be more correct, a million and one-third, is devoted every year to the reduction of debt. At this rate, if no war or great famine or any other extraordinary occurrence of a like nature drives the State to borrow, our entire unproductive debt will be wiped off in twenty years, and that without devoting any part of our surpluses to such reduction. There is not another country in the world where they could claim to be able to do this. In Western countries they have to provide a large sinking fund for the reduction of debt, because their unproductive debts are so large—a thousand million pounds in France, seven hundred million pounds or something like that in England, and corresponding debts in other countries! Where you have such huge debts, it is necessary to provide for a large regular sinking fund, and in addition to devote surpluses,

when they accrue, to the same object. Moreover, the expenditure of Western countries is carried on under the direct control of the representatives of the people. Therefore, Governments in Western countries, being largely dependant on the votes of the people, try to conciliate popular feeling by remitting taxation whenever a suitable opportunity presents itself. Of course I am not speaking of English finance of the last three years; but, speaking generally, the position is as I have stated. Though, therefore, the surplus that accrues in any particular year may go to the reduction of debt, any real improvement in the financial position, as represented by that surplus, is utilized as a rule for reducing taxation in Western countries. In this country, on the other hand, our experience is that, whenever there is a surplus, it is devoted to the reduction of debt and any improvement in the financial position that it may indicate is hidden away, as far as possible, by under-estimating the revenue or over-estimating the expenditure for the following year. And it is only when the improvement is so striking that it cannot possibly be hidden away that relief is given to the taxpayers. Take the history of our finances during the last 14 years. There were no doubt remissions of taxation granted, but that was because the Government could not help doing it. As long as Government could help it, no reduction was made, and large surpluses were enjoyed and expended in various directions. Now, my Lord, my contention is that in this country a surplus is always a temptation to the Government either to pay off its debt faster than is necessary, or else to increase expenditure in directions which entirely depend upon its own will and which sometimes do not commend themselves to the people. This question, therefore, of the proper disposal of surpluses is to my mind a very important question, and that is why I raise it whenever an opportunity presents itself. My Lord, there are many useful directions in which our surpluses could be expended or, if that course does not find favour with the Government, advantage ought to be taken of them to remit taxation so that the money remitted might fructify in the pockets of the people. Of course, if the Government merely borrowed to build Delhi without at-

the same time utilizing the surpluses either for reducing taxation or for expenditure on useful objects, it would in effect be the same thing as devoting the surpluses to the construction of the new capital. For in that case, while you will be borrowing with one hand to build Delhi, you will, with the other hand, be paying off debt by means of surpluses, realized by keeping the level of taxation higher than necessary. What I want is that while Delhi should be built out of loan funds—our trifling unproductive debt provides ample margin for that—the surpluses should be utilized either for non-recurring expenditure on education, sanitation and medical relief, as my next Resolution recommends, or else they should go to the reduction of taxation.

My Lord, the Hon'ble Member has estimated the surplus for next year at one and half millions. As a matter of fact, if the Council will carefully analyse the revised estimates of this year, it will see that next year's surplus is likely to be nearer four millions than one and a half millions. I think the Hon'ble Member, as also the Hon'ble Sir James Meston, will have to admit this. It is true that the Finance Department has made a very skilful attempt to hide away the true surplus partly under one head and partly under another, till only one and a half millions is left to show to the public. But I do not think the attempt has been successful. Take the revised estimates of this year; the surplus shown in the Statement for the year is 2·75 millions sterling. Out of this, 1·75 millions is the special opium surplus. The ordinary surplus, therefore, that this, the excess of ordinary revenue over our ordinary expenditure in this year's revised estimates, is one million. Well, let us put that down first; next, my Lord, during this year the Government have made to Local Governments special grants, amounting to 1·42 millions or nearly 1½ millions. If these grants had not been made—they are all extraordinary grants—our surplus would have been higher by 1·42 millions. Then again I find from the Financial Statement that about half a million was spent in connection with the Royal Visit on the Civil side; two hundred and seven thousand pounds

on the Military side, and the bonus and other boons came to about six hundred thousand pounds; altogether over one million and three hundred thousand. That is also extraordinary special expenditure belonging to this year only. We thus have one million the declared surplus, 1½ millions in the amount of special grants to Local Governments, and 1·36 millions, or about that, the cost to the Government of India in connection with the Royal Visit —altogether 3·87 millions, or nearly 4 millions. This then represents the real excess of our revenue over our expenditure at present, leaving aside the opium surplus and leaving aside also what I have called our automatic sinking fund. But what I find done is that in next year's Budget, under nearly every head, the revenue has been under-estimated and the surplus has been worked down to 1½ millions only. I hope the Council will see this and I hope it will realize that the question before us is not about 1½ millions only but about 4 millions sterling. If the Government realize this sum of 4 millions—and I am sure it will realize it unless something extraordinary happens—and if the estimate of the cost of new Delhi is correct, the Government could build the capital out of surpluses in one or two years. If this happens, whether provision for the expenditure is made out of current revenue at the beginning of a year or out of an estimated surplus at the end of the year makes really no difference. Only in the one case you put down the expenditure beforehand against revenue, and in the other you wait till such time as the accounts of the year show a surplus and then take the money. In either case, however, the money comes out of taxation. My Lord, as the Government has foreshadowed in its despatch of 25th August last the floating of a special Delhi Loan, I contend Delhi should be constructed out of loan funds, whether it costs 4 millions or 5 millions or 10 millions or any other amount. We want our surpluses for other purposes and the smallness of our unproductive debt allows plenty of margin for a Delhi loan. I urge, my Lord, therefore, that the loan for this year should be raised by one crore more—the amount indicated by the Hon'ble Member as likely to be taken out of next year's surplus to be spent on the construction of

Delhi—and that the new capital should be constructed entirely out of loan funds.

[*Replying on the debate which ensued, Mr. Gokhale spoke as follows:*—]

My Lord, I will first say a few words as to what has fallen from my Hon'ble friend Sir James Meston. I accept his correction as regards £¼ million, and I am quite willing to say that the present excess of our revenue over our expenditure is about 3½ millions instead of 3¾ millions. As regards the other point, namely, that I have left out of account the proposed expenditure on education next year, namely, 1¼ crores, I may remind my Hon'ble friend that I have also left out our normal growth of revenue during next year. Sir Edward Baker, when he was Finance Minister, once estimated this normal growth of our revenues at about 1½ crores. I have not taken that into consideration, and that is a set-off against the increase in educational expenditure which has been provided. Assuming, however, that the £¾ million extra, which is going to be spent on education, should be deducted, there still remains a surplus of 2½ millions. My Hon'ble friend could not take it down further, and he has not told us why the Finance Department has budgetted for a surplus of only a million and a half. But whether the actual amount is 3½ millions or 3 millions or 2½ millions, it is a substantial surplus, and my contention is that there is nothing to prevent the Government from building Delhi out of current revenues by devoting the whole of the surplus to it for two or three years.

My Lord, the Hon'ble the Finance Minister drew a somewhat frightening picture as to what might happen to us in the course of a year. The sky, he warned us, might suddenly become overcast, and instead of the very comfortable situation in which the Finance Department finds itself at present, it might be necessary to impose extra taxation! In replying to my friend the Hon'ble Pandit Madan Mohan Malaviya a few minutes ago, the Hon'ble Member spoke of his proposal as calculated to lead to bankruptcy! Now I am quite sure the force of reasoning

of the Hon'ble Member would not suffer any abatement if he did not try to frighten us thus with talk of bankruptcy or of extra taxation. I am quite sure there is no need just now for either. With a surplus which may reach five millions, with that amount jingling in his pocket, I really do not understand how he can talk of bankruptcy or of extra taxation! When we do actually get into troubled waters, it will be time enough for him to speak of bankruptcy or other dreadful possibilities! The Hon'ble Member said that in other countries they have resorted to short term loans for such purposes. Well, I should be very glad if that plan were adopted by the Government of India. A short term loan, spreading the burden of building the new Capital over a period of, say, ten or fifteen years, would not be a bad arrangement. What I object to strongly is the utilization of our surpluses in this indefinite manner for the building of Delhi. The Hon'ble Member says, why should we throw any burden on future generations! But what does he mean by a generation? Does he mean that only two or three or four years form a generation? At the present rate, if things continue normal, you could build Delhi in the course of two or three years out of surpluses if the estimate of the cost is not far wrong. Does he call two or three years a generation? If he raises a short term loan of ten or fifteen years, I shall have no complaint to make.

Then, my Lord, the Hon'ble Member says that the opium-revenue might be extinguished any moment or that we might suddenly get into other complications. But that itself is, to my mind, a very important reason why this money which is available just now should not be devoted to such purposes as building a new city when it is urgently wanted for other objects. Money for non-recurring expenditure is required in various directions, as I will show when I move my next Resolution—for education, for sanitation, and for medical relief. When you have a surplus, that surely is the time when you can help Local Governments in meeting this expenditure. But my Hon'ble friend, when he has the opportunity, wants to take away the surplus for building a new Imperial city, and so

we cannot get it now. Later, if and when we get into more troublous times, he will, of course, have nothing to give to Local Governments for these objects. I recognize that provision has been made in this year's budget for an additional 125 lakhs for education. That of course is true and I will speak about it on a future occasion. But leaving that out of account and merely confining ourselves to the manner in which our surpluses are utilised, I contend that the first and foremost claim on them in our present state is that of non-recurring expenditure in connection with education, sanitation and medical relief. The Hon'ble Member said that his figure for unproductive debt differed from mine, and he mentioned 45 millions as the figure of our unproductive debt at present. Through the courtesy of the Hon'ble Sir James Meston I have got that figure here. A glance at it is sufficient to show that it does not represent the net unproductive indebtedness of the country to-day. Take the amount borrowed in 1908-09. There was in that year a deficit of about 3½ millions, but the Government floated a loan of 6 millions—3½ millions to meet the deficit, and 2½ millions for other purposes. Again, later on, they borrowed 5 millions to pay off certain debentures, and then, instead of paying off the debentures, the loan went to swell the cash balances at the disposal of the Secretary of State. Surely that does not mean any true addition to our net indebtedness. If we take our net indebtedness, by which I mean—all that the Government owes, *minus* all that is owed to the Government and the cash balances, which the Government maintain whether in England or in India—the figure will be found to be 27 millions only, and no more. Well, that is a small amount, and if you add to this four or five millions for building Delhi, our unproductive debt will still be trifling.

My Lord, to the other questions raised by the Hon'ble Member, I think it will be more convenient for me to reply when I deal with the next Resolution. This matter is an important one, and I think it necessary to press my motion.

SURPLUSES AND RESERVES.

[*On 7th March 1912, the Hon'ble Mr. Gokhale in moving a Resolution in the Imperial Legislative Council recommending the creation of special Provincial Reserves by means of grants from Imperial Surpluses, spoke as follows* :—]

Sir, I beg to move that this Council recommends to the Governor-General in Council that the total amount of the grants proposed to be made to the several Provincial Governments and Administrations during 1912-13 be increased by one million sterling—which means two-thirds of next year's estimated surplus—to form the nucleus of special Provincial reserves, from which those Governments and Administrations could finance programmes of non-recurring expenditure in their Provinces on education, sanitation and medical relief, spread over a period of at least five years, and that in future two-thirds of the Imperial surplus, whenever it accrues, be added to these reserves.

Sir, before I deal with this Resolution, I think it necessary to renew my complaint of last year as regards the rule which regulates the discussion of additional grants to Local Governments in this Council. I pointed out last year—and I must repeat again to-day what I then said—that under the rule as it stands only the additional grants that are made in the budget for the year following can come up directly for discussion before this Council. The rule speaks of 'any additional grants mentioned in the Financial Statement,' and 'Financial Statement' is defined 'as the preliminary financial estimates of the Governor-General in Council for the financial year *next following*.' Therefore, strictly speaking, we can raise a debate here to-day only as regards additional grants that are in the budget estimates for next year, that is, for 1913-14. The rule, therefore, Sir, causes considerable inconvenience, because the more important grants are

generally found in the revised estimates of a closing year, and if a Finance Minister chooses to put it out of our power—I do not say that the present Finance Minister intends to do anything of the kind—to discuss the grants that are made in the year, all that he has got to do is to under-estimate the revenue in the budget, mention no grants, and, once the Financial Statement is out of the hands of this Council, to begin making grants, mentioning them only at the end of the year in the revised estimates! If this is done and if there are no additional grants in the budget for the year following, no question can be raised about the grants made during the year. Fortunately, this year we have got additional grants for education in next year's budget, and therefore we are able to-day to bring up the whole question of grants for discussion. I point this out because, unless this is remedied, an important object which the Government had in view in expanding the functions of this Council will be frustrated. A small change is all that is necessary. 'Financial Statement' should include not only preliminary estimates for the year following but also the revised estimates for the current year. Sir, this morning I pointed out that, if things continued normal, our real surplus next year will be nearer four millions than 1½ millions which is estimated in the Financial Statement. It will certainly be over three millions, and probably it will be nearer four. Now, the question is, how is this surplus going to be disposed of? It is an old standing controversy between the Finance Department of Government on the one side and certain non-official Members of this Council on the other—a controversy which has been carried on year after year for several years past, and I fear that it will have to be carried on till the Government comes round to the view which has been so often urged upon its attention. I pointed out this morning, Sir, that a surplus after all is so much more revenue taken from the people than what is really required for the needs of administration. A surplus, moreover, springs from the proceeds of taxation, and therein lies the difference between it and a loan. A loan is raised by borrowing; a surplus results from taxation. Now, Sir, had our unproductive debt been large, I could

have understood the present policy of devoting surpluses to the reduction of debt. Even taking the figure which the Hon'ble the Finance Member gave this morning, namely, 45 millions, everybody will admit that it is a very small amount, considering the extent of the country and its financial resources. Moreover, if you provide a reasonable sinking fund for liquidating this debt, the responsibilities of the present generation in that matter are discharged. I have pointed out already that there is a million and a quarter or rather a million and one-third annually devoted to the reduction of debt as a sort of sinking fund. And, even if our debt is 45 millions, a million and a quarter or a million and a half, devoted every year to its reduction, is a very satisfactory sinking fund. And there is no necessity for any portion of our surpluses being utilized for the same object. My first point therefore is that, taking the smallness of our unproductive debt into consideration, there is no need to liquidate it out of our ordinary surpluses—the provision that already exists for redemption of capital under railways and for reduction or avoidance of debt under famine insurance being amply sufficient for the purpose.

Sir, my second point is that money is required for non-recurring expenditure in many directions in this country, specially for education, sanitation and medical relief. Schools have to be built and good water-supply in villages and drainage and water works in towns are needed all over the country and we also want dispensaries and hospitals. These works will require not ten but hundreds of crores of rupees, and the problem could not be satisfactorily dealt with unless the Government made a large regular allotment for this purpose. The Government, however, is reluctant to make a large regular allotment out of current revenues. Therefore, I propose another method which, though not equally satisfactory, will be found to answer the requirements to some extent. I pointed out this morning that the excess of our normal revenue over expenditure, taking things as they stand at present, is about 4 millions or 6 crores of rupees. Now what I urge is that two-thirds of this surplus, as also of future sur-

pluses, should be placed at the disposal of Provincial Governments for non-recurring expenditure on the objects I have mentioned. The present policy of making grants for one year only out of the surplus that accrues during that year is a wasteful policy. No one has condemned the policy of doles in stronger terms than the Hon'ble the Finance Member or the Hon'ble Sir James Meston. The Decentralization Commission also has expressed itself very strongly on the subject, in fact every one seems to be agreed on that point. And the present policy is nothing but a policy of doles. Whenever you have a large surplus, you feel bound to distribute a part of it among the Local Governments, so much to one, so much to another and so on. The result is that there is a great deal of waste. The Local Governments cannot rely upon a continuance of their good fortune, and, therefore, they cannot take in hand any large scheme which requires financing over a series of years. This leads often to ineffective and wasteful expenditure, which no one really deplores more than the Local Governments themselves. The Government of India, on the other hand, can think only of a single surplus at a time, and therefore it is not surprising that it does not bind itself to make any further grant until another surplus is realised. Thus this policy of doles into which the Finance Department is again drifting—and I say this in spite of my great admiration for the manner in which the Hon'ble Member has been administering our finances during recent years—is a wasteful policy and it must therefore be altered.

Now, Sir, the only way in which you can alter this policy is by adopting a scheme somewhat similar to what I have ventured to place before you. My proposal is that whenever you realise a surplus, you put aside, if you insist on it, a certain reasonable proportion of it to go to the liquidation of debt. I, for one, do not want really any portion of the surpluses to go to the liquidation of debt. But the Finance Department thinks otherwise; therefore let a certain proportion—not more than one-third—go to the liquidation of debt. Having done that, let the rest of it be made over to Provincial Governments to form the

nucleus of Provincial reserves for non-recurring expenditure on education, sanitation and medical relief. Sir Edward Baker started famine reserves in the different Provinces. That policy has been further developed under the present financial regime. I would like to have another reserve in each Province for the purpose of meeting non-recurring expenditure on education, sanitation, and medical relief. What the Government may do is this: if you have a million and a half next year (taking the figure in the Budget Estimates), take half a million for your own purpose, but give the remaining million to the Local Governments, distributing it among them in accordance with some fixed principle of which I will speak later. Let the money thus given remain with the Local Governments. Again, in the year that follows, if a surplus is realized, let two-thirds of it be again added to the different Provincial reserves. When, after a time, the Provincial Governments find that they have built up reserves strong enough to take in hand a large programme of non-recurring expenditure and when they feel that they have enough money to finance such a programme over a series of years, let them begin to carry out such a programme. By this method the wastefulness which is inevitable under the policy of doles will be prevented and the money allotted will be used most effectively. When the Provincial Governments have a considerable amount of money to their credit in this manner, they will feel sure of being able to finance certain schemes properly, till they are carried out. During that time, while they are engaged in carrying out these schemes, more money will be coming in from other surpluses, and thus they will be in a position to take in hand from time to time other schemes. It is only by thus enabling the Provincial Governments to have special reserves at their disposal and to spread their programmes over a series of years that the most useful and the most economical expenditure of the grants made to Local Governments can be ensured.

Sir, an unfortunate feature of the present policy, which needs special mention, is that a great deal of scramble goes on among the different Provincial Governments

as to how to secure the largest share for themselves. In fact, one almost feels that the days prior to 1870, when the decentralization of our Provincial finance first began, are again returning in some respects. It is not the Province that has the greatest need that gets the most, but it is the Province that makes the most clamour, that manages somehow to be heard most, that gets most.

The Hon'ble Sir Guy Fleetwood Wilson: What about Bombay?

The Hon'ble Mr. Gokhale: If the description applies to Bombay, let it apply. I have no knowledge on the subject.

But I say that this scramble is unfair all round and that is another argument against the present system.

Sir, if the Government adopted some fixed principle in accordance with which surpluses would be distributed among the different Provincial Governments, not only would this scramble cease, but it would also be one way of redressing those inequalities of Provincial finance to which my friend, the Hon'ble Pandit Madan Mohan Malaviya, drew attention this morning. It is true that we cannot now go in search of any new theoretical standards of equality in distributing the revenues of the country among the different Provinces. But so far as the distribution of surpluses is concerned, we are not committed to any old scales of expenditure, and the Government of India could very well make the distribution in accordance with some fair standard, say, rateably according to the revenues which are received by it from the different Provinces. That, I think, would be a very fair way of distributing the additional grants. Take, Sir, the Education Department, over which you preside. I sincerely rejoice that more money has been found for education. But if the Government sanctions so much money for an educational institution in one Province, so much for an institution in another Province, that does not appear to be a very satisfactory way of spending the amount. What the Government should do—and I am sure that is what the Education

Department wants to do—is to have a comprehensive programme framed after considering the important needs of all the Provinces and to carry out this programme, as funds are available, the Department should distribute any money that comes into its hands rateably or according to some other fixed principle. And the different Provincial Governments should then be left free to decide on what particular institutions they would spend the money. If the Government of India either in the Education Department or in any other Department takes it upon itself to sanction special expenditure on particular institutions in the different Provinces, of which it cannot, in the circumstances of the case, know much, it is bound to lead to unsatisfactory results. After all the Local Governments are, speaking generally, the best qualified to decide what institutions in their Provinces need or deserve money most. Sir, the recent despatches of the Government of India and the Secretary of State on the administrative changes mention Provincial autonomy as being the goal towards which the Government in this country must advance. It is a momentous declaration. I do not want to enter on this occasion into the question which has already been raised in connection with it, namely, whether the expression signifies popular Provincial autonomy or only official Provincial autonomy. Whichever autonomy is meant, one thing is clear, that the Provinces are to be left more and more, under the general control of the Government of India, to administer their affairs themselves. If that is so generally, it must also be so in the matter of spending money. In placing, therefore, lump allotments to the credit of the various Provincial Governments, and allowing them to spend these allotments in such ways as they may deem fit, you will be only carrying out this policy. Sir, I therefore propose that two-thirds of next year's surplus should go to form a nucleus of Provincial reserves, and, as fresh surpluses accrue, two-thirds of them should be added to these Provincial reserves. Sir, I move the Resolution which stands in my name.

[*Replying on the debate which ensued, Mr. Gokhale spoke as follows:—*]

Sir, the Hon'ble Sir James Meston has opposed this Resolution, but I should like to hear his views on the same subject a year hence and in another place. The difference between the present arrangement and the arrangement that would come into force if my Resolution is adopted, is this. In the first place, the Government of India would be bound to allot two-thirds of its surpluses to Provincial Governments. There is no such obligation now; as a matter of fact, it is a mere matter of chance how much the Government gives to Provincial Governments or when it gives it to them. My view is that a surplus, being so much more money taken from the people, should be returned to the people either by reducing taxation, or by spending it on objects of public utility. And my suggestion is that the Government of India should be bound to return two-thirds of any surplus, that arises, to the people in the shape of allotments to Provinces for objects that I have already mentioned. Secondly, Sir, I should like to bind the Provincial Governments themselves in their turn to spend the sums which they receive on programmes of non-recurring expenditure connected with education, sanitation and medical relief. I think such an automatic arrangement will give Provincial Governments a greater sense of confidence as regards taking in hand definite important programmes which must be spread over a certain number of years. If special reserves were built up on the lines I have proposed, and if automatically two-thirds of our surpluses go into these reserves, the position of Local Governments in dealing with such programmes would be much stronger than it is at present. The Hon'ble Member asks, what would happen if there is no surplus in any one year? Well, there would be no addition to the reserves in that year, but the Provincial Governments will have started their programmes on the strength of what was already in their reserves, and so those programmes will not be interfered with.

I think my Hon'ble friend will have to admit that there is an important difference between what would happen if my proposal were adopted and things as they are under present arrangements. As regards what he

said about the necessity of maintaining our credit high, well, they are old arguments which have been brought forward on the Government side again and again by him, by the present Finance Minister, by his predecessor Sir Edward Baker, and by his predecessor Sir Edward Law. We have discussed these points again and again, and though the Government has moved to a certain extent from its first position, it will have to move a good deal further before the controversy is over. After all, does anybody really contend that the credit of our country is high or low, according as a small unproductive debt is a few millions less or more? Can any one seriously argue that a debt of 40 millions for this country means higher credit than a debt of 50 millions? The Government of India have been borrowing at the same rate for the last twenty years or so. The last conversion scheme was, I believe, in the days of Sir David Barbour, and there has been no conversion since then. If you have been borrowing at the same rate for the last twenty years, though recent surpluses have enabled you to reduce your unproductive debt considerably, I do not see how a little higher or a little lower debt makes any real difference to your credit. I can understand the argument, which I remember was used in this Council about twenty years ago or thereabout, by a Member of the Government for keeping the unproductive debt low. He said it was necessary to keep down the debt in order that the Government may be in a position to borrow again if a sudden emergency arose on the North-Western Frontier. That was at the time when Indian finance was dominated by the fear of a Russian invasion, and there was then a substantial reason for the policy of reducing the unproductive debt on every possible occasion. But that situation has been profoundly altered, and, with our unproductive debt standing as low as it does, to talk of the necessity of maintaining our credit high in connection with the use of our surpluses is to use, as I once said, Western formulæ, without taking into account the difference between Western and Eastern conditions. Unless the Government allots money out of surpluses to non-recurring expenditure on education and other objects, where is the money to come from? If you

go to a Provincial Government, it says it has no money: the Government of India has the money, and I contend that it is its duty to make that money available to the country for the purposes which I have mentioned.

IMPERIAL EXPENDITURE ON POLICE.

[*On 8th March 1912, Mr. Gokhale, in moving a Resolution in the Imperial Legislative Council recommending the reduction of the allotment to Police for next year by one lakh of rupees, spoke as follows*:—]

Sir, I beg to move that this Council recommends to the Governor General in Council that the allotment to Police (India General) for next year be reduced by one lakh of rupees.

On a reference to page 61 of the explanatory memorandum, the Council will see that the Imperial portion of police charges is shown there under three heads. One is India General, the second is Baluchistan and the third is North-West Frontier. Now, taking the budget and the revised figures for the current year, it will be seen that while the charges for Baluchistan and North-West Frontier have gone down, the revised figures being lower than the budget figures, the figure for India General has increased considerably. The explanatory paragraph appended to this head explains how the decreases against Baluchistan and North-West Frontier are only nominal; and as I do not raise any question about those entries, I will say nothing more about them. The entry against India General, on the other hand, shows an increase of Rs. 36,000 in the revised estimate over the budget estimate, but there is not a word of explanation in the explanatory paragraph about that increase. Now, Sir, my first query is, why is there no explanation given, and what is the explanation of the increase? Next, if the Council will look at the figures under this head for the last three years, namely, the accounts for 1910–11, the revised figures for 1911-12, and the budget figures for next year, it will be seen that there is a continuous increase in the charges. In the accounts of 1910-11, the charges were Rs. 8,45,000. Last year, the budget estimate of the current year was

taken at Rs. 8,96,000, whereas the revised figure now laid before us stands at Rs. 9,32,000; while in the budget for next year the sum that is entered is Rs. 9,37,000. Thus the sum budgetted for next year is much larger than the actual for 1910-11. It is also much larger than that which was budgetted for last year, and is even slightly higher than the revised estimate for the current year. I should like to know why this item is showing an increase when the general policy of Government in regard to such charges is now one of retrenchment. Then, Sir, I find from a return which was laid the other day on the table in reply to a question which I put about retrenchment that in the expenditure which the Home Department controls there is an item of 2·83 lakhs on account of the Central Criminal Investigation Department. That is on the authority of the Hon'ble Mr. Wheeler, Acting Home Secretary, and the amount is given for the year 1910-1911. Now, if we turn to the actuals for 1910-1911, as given in this yellow book—the Finance and Revenue Accounts which is published annually—I find that the cost of the Central Criminal Investigation Department of the Government of India for 1910-1911 was 3·05 lakhs, and not 2·83 lakhs as shown in the return. I should like to have an explanation of this discrepancy; evidently something is left out in the return, or something is included in this yellow book which I cannot make out. I want, therefore, to know whether the Criminal Investigation Department charges of the Government of India are really 2·83 lakhs or 3·05 lakhs. Lastly, Sir,—and that is the principal point for which I have raised this discussion to-day—I want to know how much of this sum represents the cost of the Government of India Criminal Investigation Department in Provinces which have got Criminal Investigation Departments of their own. I speak necessarily at a disadvantage in this matter, because outside the department the general public knows very little as to the constitution of the Criminal Investigation Department. But it is a matter of common knowledge that the Government of India Criminal Investigation Department maintains officers and men of its own—a small number—in the different Provinces, which have got their own

Criminal Investigation Departments. And I should like to know how the spheres of work of the two are differentiated. Of course, so far as the territories directly under the Government of India are concerned, they would be for the Government of India Criminal Investigation Department. So also in regard to the Native States, which are in direct relations with the Government of India. Finally, the expenditure that is incurred in watching men in foreign countries would also come under the Government of India expenditure. So much I think is clear; but in addition to this, I have heard on good authority that the Government of India Criminal Investigation Department maintains a few officers and men of its own, and does espionage work on its own account, even in Provinces which have got their own full-fledged Criminal Investigation Departments, and I want to know why this is done. I find, Sir, that this has been a matter for repeated complaint on the part of several Local Governments, and the Decentralization Commission in its Report notes this complaint. This is what the Commission says:

> The Lieutenant-Governer of the United Provinces complained of encroachment on the Provincial sphere of administration by the Director of Criminal Intelligence, and we have received similar complaints in other Provinces as to what was regarded as the undesirable activity of this officer.

This year also, I gather from the newspapers that the Lieutenant-Governor of the United Provinces has complained in his Administration Report of constant friction between the Government of India Criminal Investigation Department and the Provincial Criminal Investigation Department. I should therefore like to know if such a duplication of machinery for espionage exists in the Provinces which have got their own Criminal Investigation Departments, and, if so, why the work is not altogether left to the Provincial Criminal Investigation Departments. Of course, as I have admitted, I speak more or less in the dark on this subject, because the outside public knows very little about this Department. The only thing that people are sure about is, that many of these Criminal Investigation Department men are a great nuisance to

innocent people, and that they do their work not only without judgment, but often without a regard to appearances or decency. I therefore strongly urge that, if the Government of India maintain a Criminal Investigation Department of its own in the different Provinces, this duplication should be abolished, and whatever saving results from it should be effected.

[*Replying on the debate which ensued, Mr. Gokhale spoke as follows* :—]

Sir, I would like to say just a word, and that is, that the Hon'ble Member has not told us why it is necessary to maintain a duplication of machinery for purposes of espionage in the Provinces which have their own Criminal Investigation Department for the work. He has also not told us what the Government of India has to say as regards the complaints which the Provincial Governments had been making on this subject. I quoted from the Decentralization Commission's Report an extract showing that the Lieutenant-Governor of the United Provinces complained even before the Commission that there was serious interference with the work of the Provincial Criminal Investigation Department by the Government of India Criminal Investigation Department; and this year again that Government has repeated that complaint. That being so, I think some explanation is necessary as to why such a system, which is complained of by Local Governments, should be maintained. However, as the Hon'ble Member the other day promised an inquiry into the whole question of the Criminal Investigation Department, I do not wish for the present to press my Resolution.

RESOURCES OF LOCAL BODIES.

[*On 13th March 1912, the Hon'ble Mr. Gokhale, in moving a Resolution in the Imperial Legislative Council recommending the appointment of a committee of officials and non-officials to inquire into the adequacy or otherwise of the resources at the disposal of Local Bodies, spoke as follows*:—]

My Lord, I beg to lay the following Resolution before this Council for its consideration:—

That this Council recommends to the Governor General in Council that a committee of officials and non-officials be appointed to inquire into the adequacy or otherwise of the resources at the disposal of Local Bodies in the different Provinces for the efficient performance of the duties which have been entrusted to them, and to suggest, if necessary, how the financial position of these bodies may be improved.

I think, my Lord, I ought to state at the outset why it is that I am raising this question here to-day when it was one of the subjects into which the Decentralization Commission inquired only four years ago, and when the recommendations of that body are still under the consideration of the Government of India and the Secretary of State. My reasons for adopting this course are first, that, though the Decentralization Commission went at some length into the general question of local self-government, its inquiry into this particular branch of the subject, namely, the adequacy or otherwise of the resources at the disposal of local bodies, was extremely slight; and secondly, the very fact that the matter is at present under the consideration of the Government of India makes the present an opportune moment for raising this discussion here, because even if the Government are unable to accept this motion, it will be an advantage that the views of non-official members on this subject should be before the Government before a decision is arrived at.

My Lord, in speaking on my Resolution about District Advisory Councils the other day, I pointed out how

the reforms that have been introduced during the last five years have liberalized the character of the administration so far as the Secretary of State's Council and the Executive and Legislative Councils of the Government of India and the Provincial Governments are concerned. The district administration, however, continues to be where it was 100 years ago, and local self-government too continues to be where it was carried by the late Marquis of Ripon about 30 years ago: and I strongly feel, my Lord, that there must be important reforms introduced in respect of both these, in order that all parts of the administrative machinery should be brought into closer correspondence with one another. My views on the subject of district administration I have already laid before the Council. It is true that the motion was lost that day, but that does not mean that the last word on that subject has either been said or heard. To-day I propose to speak on the subject of local self-government. This subject may be considered under three heads: (1) the constitution of local bodies, (2) their powers and functions, and (3) the resources at their disposal. Of these three, the Decentralization Commission have gone in some detail into the first two, and their recommendations in regard to them are also fairly liberal, and I do not therefore wish to say anything about them on this occasion. I agree entirely with the recommendation made by the Commission that steps should now be taken to create village-panchayats in selected villages throughout India; I also agree that steps should be taken to establish what they call 'Sub-District Boards' in those Provinces where they do not at present exist. One essential condition of the success of local self-government is that those who take part in it should possess a personal knowledge of the area under their management, or, at any rate, should be able to acquire that knowledge without much difficulty. This condition can well be fulfilled in regard to villages and sub-districts; it is difficult for it to be fulfilled in regard to District Boards, as our districts are so large. Therefore, I think our real local self-government should start with villages, and stop with sub-districts; the District Boards may exercise only general supervising and co-ordinating functions, and then, if the

Government choose, the other functions of an advisory character, of which I spoke the other day, might gradually be transferred to them. Turning now to the question of the financial position of local bodies, with which alone I am going to deal to-day, I do not wish to distinguish between District Boards and Sub-District Boards for this purpose. For to-day's discussion, I will take them together as representing rural self-government just as municipalities represent urban local self-government. Now, my Lord, let us take a bird's-eye view of the whole position of local self-government in the country. There are altogether 717 Municipalities in the country, 197 District Boards and about 517 Sub-District Boards. There are besides about 450 small Union Committees—389 in Madras and 61 in Bengal; but I will leave them for the present out of account. The population in municipal areas is roughly about 16 millions, which means about 7 per cent. That is the urban population, the remaining 93 per cent. being entirely rural. The highest percentage of urban population is in the Bombay Presidency, where it is 18 per cent., and the lowest in East Bengal, where it is only 2 per cent. There are no rural boards in Burma; there are only Sub-District Boards in Assam, and no District Boards. In the United Provinces the Sub-District Boards have been recently abolished, and in the Punjab they have largely disappeared. Coming to the question of revenue, and first taking the four leading Municipal Corporations of Bombay, Calcutta, Madras and Rangoon, it will be found that their total revenue is 2¾ crores. The average revenue of the remaining 713 Municipalities is only about 55,000 rupees each. The incidence of taxation is highest in Rangoon, (and I think on this point my Hon'ble friend Mr. Gates distinctly scores), being as high as 11·61 rupees per head; Bombay City comes next with Rs. 10 per head, Calcutta follows with Rs. 8½, and Madras comes last with a little over Rs. 3 per head. For the remaining mufassal areas, the average is about Rs. 2 per head in Bombay, Punjab, Burma and the North-West Frontier, in the Central Provinces it is 1¾ rupees; in the United Provinces and Bengal it is a little over Rs. 1½, and in Madras it is only Rs. 1¼. In Bombay, the United Provinces, the

Punjab and the Central Provinces, a large part of the municipal revenue is derived from octroi. In other Provinces there is no octroi. There is in Madras, however, a toll levied on roads, and Bombay and Assam also levy it. The principal revenue in Madras and Bengal is derived from taxes on houses and lands, Bombay, the Central Provinces and Burma also levying such taxes. In some Provinces there are taxes on professions and trades, and in all, on carts and vehicles.

The Municipal Boards have powers of taxation within certain limits with the previous sanction of the Local Government. The rural Boards have no power of taxation; they are limited to what is known as the one-anna cess. In raiyatwari areas it is levied on the Government assessment, and in other areas it is assessed on the annual rental value of land. The total revenue from taxation from Provincial rates in rural areas is about 2¾ crores, and another 2½ crores is received from various sources, including a small grant from Government. This gives us an incidence of less than 4 annas per head. The Local Boards, moreover, do not get the entire proceeds of this one-anna cess in all the Provinces. In the United Provinces one-third is taken by Government for village chaukidari police, and in the Punjab 20 per cent. has to be paid to the Government for general services. In Bengal a portion goes to the Government for public works cess, and in the Central Provinces only 5 per cent. of the land-revenue is levied as the one-anna cess and goes to local bodies. Turning now to the functions of these bodies, briefly speaking, we may say that they are the care of health, of education and of roads or communications. Enumerating them in greater detail, we find that Municipalities are entrusted first with the duties of construction, up-keep and laying of streets and roads and the provision and maintenance of public and municipal buildings; secondly, the preservation of the public health principally with reference to sanitation, drainage, water-supply, provision of medical relief, vaccination, and measures against epidemics; and thirdly, education. And the rural Boards are entrusted with the maintenance

and improvement of roads and other communications, education, especially in its primary stages, the up-keep of medical institutions, sanitation, water-supply, vaccination, veterinary work, construction and maintenance of markets, and charge of pounds and ferries. My Lord, one has only to enumerate these functions and contrast their wide range with the extremely meagre character of the resources which I have already mentioned to realise how unequal—how pitifully unequal—the resources of Local Bodies are to a proper performance of the functions which have been entrusted to them. Fortunately this point is one on which officials and non-officials are practically all agreed. The little evidence which appears on this subject in the proceedings of the Decentralization Commission goes to show that there is no substantial difference of opinion between the two. Who that takes this situation into consideration can wonder that things are as they are as regards the provision for health or sanitation, for education or for roads in the country? My Lord, only about ·3 per cent. of our towns have got a filtered water-supply, and even a smaller proportion have got efficient drainage. Then in villages, in rural areas, over the greater part of the country, good portable water is a crying want. The total number of hospitals and dispensaries in the country is less than 2,700, and disease carries away annually between 70 and 80 millions, at least one-third of which mortality ought to be preventible with better sanitation and better water-supply. The masses of the people are sunk in dense ignorance. I do not think it is really necessary to dwell on this aspect of the question more than I have done. As I have already observed, there is practically no difference of opinion between officials and non-officials in the matter. I will, however, refer briefly to the evidence tendered on the subject by three important witnesses before the Decentralization Commission. The first witness whom I will quote is Sir Herbert Risley, now alas no more with us. Sir Herbert Risley—we all recognized, whether we agreed with him or differed from him—always approached a question from the standpoint of a scholar and thinker, and his evidence on the subject was remarkable. This is what he says:—

It must be admitted that the resources of District Boards and Municipalities are not sufficient to enable them to work up to modern standards of administration. In Municipalities this is most conspicuously the case.

The second authority that I will mention is that of the late Sir John Jenkins, whose recent death everybody in this Council sincerely deplores, the strength and liberality of whose views it did not take us long to appreciate, and to whose high qualities Your Excellency paid, if I may presume to say so, a befitting tribute only the other day. Sir John expressed himself on this question with characteristic decisiveness. He pointed out that the resources at the disposal of local bodies were exceedingly meagre, and he said that, considering that they were so meagre, it was no wonder that more interest was not felt in the work of local bodies. If local self-government was to be a success in this country, he strongly held that the resources of local bodies must be largely increased. My third authority will be my Hon'ble friend Sir James Meston, who will soon be translated, we all rejoice to think, to a higher sphere which he is bound to adorn, and where I hope he will remember that the eyes of those who have learned to admire him in this Council will still be on him. I hope my Hon'ble friend proposes to take part in to-day's discussion. Only, if he does, I hope he will remember that I have got his evidence before me, and that I have the right of reply. The Hon'ble Member is very clear and emphatic in his evidence as to what is necessary. It will take time to read what he says, but, briefly speaking, he strongly advocates that the resources at the disposal of local bodies should be largely increased. And he says, especially speaking of District Boards, that there should be quinquennial settlements made by Provincial Governments with them as to the additional revenue that should be allotted to these bodies. My last authority—last but not least—will be the present Home Member. In a speech which he delivered some time ago in the Central Provinces, the Hon'ble Member dealt with the question as to why local self-government was not a greater success than it was, and he said that, considering the fact that the resources at the disposal of the local bodies were so extremely meagre, the surprise

was not that they had not done better, but that they had done as well as they were doing. I think, my Lord, I need not adduce any more testimony on the point that the resources at the disposal of local bodies are very slender, and that, if local self-government is to be a success in this country, they ought to be largely increased. The Decentralization Commission have expressed the same opinion. Unfortunately the Commission had to inquire into a hundred different subjects, and therefore this particular subject, namely, the adequacy or otherwise of local resources, received the scantiest possible attention from them. And I feel compelled to say that the manner in which they have dealt with this question is absolutely perfunctory. They say that municipal bodies have powers of taxation; therefore they should raise extra taxation and thus meet their requirements. They did not, however, inquire into the question whether there was any margin for extra taxation, and if there was a margin, what was its extent and how far it could be utilised at once. In regard to rural Boards, they propose certain small measures of relief—transfer of certain charges from here to there and so forth; only one substantial suggestion they make, and that is, that the 25 per cent. supplementary grant, that is ¼th of the proceeds of the one-anna cess roughly—which the Government have been making to rural Boards since 1905 should be increased 'if circumstances permitted.' Nothing more definite however than "if circumstances permitted." I must say that the whole question has been dealt with in a most unsatisfactory manner, considering its importance, and it is therefore that I urge that a fresh and thorough inquiry into this special subject should be ordered —an inquiry similar to what was made in England by the Royal Commission on local taxation. My Lord, it may be said by some that after all, if local bodies wanted more money, they should tax themselves more and thus provide this money. What margin there is for such additional local taxation, what is the total incidence of Imperial and local taxation, and how far the proceeds of taxation are equitably distributed between the Central Government and local bodies, are, however, questions of great importance and require a careful examination. One thing I

want to point out clearly to this Council to-day, and it is that it cannot be justly urged, taking the imperial and local burdens together, that the people of this country, relatively to their resources, contribute less in taxation than the people of Western countries. This is really very important, and I must therefore deal with it in some detail. My contention is that relatively to their resources the people of this country contribute the same proportion of their income as taxation, imperial and local together—that the people in leading Western countries do. There are three different systems of local self-government in the West. The first is the American system; the second is the English system; and the third is the Continental system, of which I will take France as the type. In America, the local authorities have independent revenues of their own—absolutely independent revenues. But they also enjoy complete immunity from the control of the State. As our circumstances are wholly different, the American analogy will not do for us, and therefore I will not say anything more about America. In England the local bodies derive a large part of their revenue from their own rates; then certain revenues have been made over to them by the Central Government as assigned revenues in recent times—this was carried out by Mr. (now Lord) Goschen in 1889—and in addition they receive certain grants from the Exchequer. Thus what they raise from rates is supplemented by certain revenues known as assigned revenues and by grants from the Exchequer. In France, the local bodies derive a large part of their revenue by the simple process of being permitted to add extra centimes to the taxation which the Central Government levies from four 'Direct Contributions;' and this is a very important proportion of the resources of local authorities in France. Our system of local self-government in India is more similar to that of France, where the control of the Central Government over local authorities is much more stringent than it is in England; but as our future development will have to be more on English lines, I think it is necessary for us to study carefully both models, the English and the French.

My Lord, there are certain important differences in the function and responsibilities of local bodies in England and France on one side and in India on the other which must be noted. In the main functions we belong to the same category, but in England and France they are much more highly developed and cover a much wider range. Moreover, in England and France local authorities have to maintain their poor, whereas in India the people do it themselves out of their own private expenditure. In Great Britain, with the exception of the Metropolis, the police charges are thrown on local bodies, the State contributing half of the cost as grant. In Ireland, however, the police charges come from the Exchequer. In France the police charges are borne by the Central Government. I mention these differences because they have to be taken into account in instituting a proper comparison. Now, my Lord, taking the figures for 1909—the figures for 1910 will not do as, owing to the rejection of the Budget by the House of Lords, a large part of the revenue did not come in during the year, nay the figures for 1911 are swollen by the realization of the previous year's arrears—taking the figures for 1909, we find that in that year in England, confining ourselves strictly and solely to taxation, and excluding Post Office and such other receipts, the State raised about 180 millions. In that same year, the local authorities raised altogether from taxation, pure and simple, about 70 millions. This means a total taxation revenue of about 200 millions altogether, *i.e.*, 180 millions central and 70 millions local. About the same time, taking the latest figures available for France, we find that the State raised about 113 millions from taxation and the local authorities—the Departments and Communes—raised by taxation about 40 millions; altogether 153 millions. In India, taking the revised estimates for the current year and omitting, from the revenue under principal heads, opium, provincial rates, and forest and tributes, we find that our revenue was about 46½ millions sterling roughly—between 46 and 47. And taking the revenue raised by taxation by local bodies for the last year, we find it was about 3¼ millions—a little over 3½ millions;—thus we raised by taxation 46½ millions imperial and provincial, and 3½ millions local, or

altogether about 50 millions sterling. We thus find 200 millions raised in England, 153 millions in France and 50 millions in India. Let us now see what proportions these amounts bear to the total national income of these countries. In England at the present day, the average income per head is taken at about £ 40; and the population may be taken at about 45 millions. That means a total national income of about 1,800 millions; 200 millions out of 1,800 millions means about 11 per cent. of the whole national income in England. Thus, in the year I have taken, 11 per cent. of the whole national income was contributed by the people for imperial and local purposes in the shape of taxation. In France, the income is now taken at about £ 30 per head and the population is about 40 millions. The total national income is thus about 1,200 millions, out of which about 153 millions were taken for imperial and local purposes. This gives us a proportion of about 12½ per cent. for France. Now in British India our population is 230 millions. There is some difficulty as to what should be taken as our average income. There are various authorities who have given various figures. The late Mr. Digby calculated it at only £ 1 per head. Our great and venerable countryman, Mr. Dadabhoy Naoroji, calculated it at Rs. 20 per head. Lord Cromer, with the assistance of Sir David Barbour—himself later on one of the soundest Finance Ministers of the country, who was then Financial Secretary—calculated it at Rs. 27 per head. Lord Curzon —for controversial purposes (and that to a certain extent reduces the value of his estimate)—estimated this average income at £ 2 per head. Let us, however, for argument's sake take the highest estimate—Lord Curzon's estimate. Two pounds for a population per head gives us 460 millions. Out of this national income for the whole country, our total taxation, imperial and local, for the current year is, as I have shown, about 50 millions. That gives us also a proportion of about 11 per cent. of our national income. We thus find that of the total national income about 11 per cent. is contributed in imperial and local taxation in England; about 12½ per cent. in France; and about 11 per cent. in India. When it is further remembered that the charge for the poor in England amounts to about one

per cent. of the national income, and that that charge is borne privately by ourselves in this country, we may put our proportion also at 12 per cent. of the whole national income. It is quite clear therefore from these figures—and they may be relied on for general purposes—that relatively to our resources we contribute the same proportion of our income in the shape of imperial and local taxation. But where the trouble comes in is in its distribution. The revenue thus raised is distributed in this country much more unfavourably to local bodies than happens to be the case in England and in France. In England, as I have already explained, the local bodies had in 1909, 70 millions of their own; in addition they received in that year grants —assigned revenues and grants—from the Central Government amounting altogether to no less than 28 millions. They thus received altogether about 98 millions out of a total of 200 millions, and this, exclusive of the charges for police in Ireland and in the Metropolis. Thus the total of 200 million pounds raised by taxation was practically divided half and half between the Central Government and local authorities, the Central Government taking half for central purposes which have been described as 'onerous' purposes, and the other half going to local authorities for what are called 'beneficial' purposes. In France, in addition to the revenue raised by taxation by the local authorities, they received a little over 2 millions as grants from the Central Government. Taking into consideration these grants, as also the grants for education and the expenditure for police, we find that about 95 millions represented the expenditure of the State for central purposes out of this 153 millions, and about 58 millions represented local expenditure, including police and educational expenditure among the local, for making a uniform comparison. This gives us a proportion of about two-fifths for local and three-fifths for the State. In India it will be found that, even including the Government expenditure on police, education and medical relief in local expenditure—I include the police in India among 'beneficial' services with considerable hesitation—we still find that the Central Government took last year about 40 millions out of a total of 50 millions for its own

purposes, *i.e.*, four-fifths; of the remaining 10 millions, too, more than one-half—nearly two-thirds—was administered by the State itself, and only a little less than one-half being administered locally. Here then is the real root of our trouble. It is not that we pay less for imperial and local purposes, but that what we pay is distributed so unequally between imperial and local services in this country. The Central Government here takes a much larger proportion than what is done in England or France.

Now, my Lord, I do not say that this can be remedied at once; but some way must be found to secure a larger proportion for local bodies. There is one circumstance of a most striking character to which I must invite the attention of the Council. The total contribution from land is distributed in an altogether different manner here and in England or France. In England the bulk of the contribution that comes from land goes to local bodies, the Central Government receiving only a very small amount as land-tax. In France more than half the contribution from land goes to local bodies. For the year which I have taken into consideration, for every hundred centimes levied by the State from land, there were 130 centimes levied by the Communes and Departments together. In this country, however, the division is in the proportion of 16 to 1, that is, sixteen-seventeenths goes to the State and only one-seventeenth to local bodies. Now there we have really a very serious grievance. I know that it will be said that in this country the land belongs to the State; but after all it is only a theory, and a mere theory cannot change the character of a fact. And that fact is that the total contribution from land is distributed in India in a proportion which is most unfair to local bodies. If we could get for our local bodies a much larger share of the contribution from land, even if the proportion was not as high as in the West, most of the financial troubles of those bodies will disappear. Of course, my Lord, I do not mean that any large proportion of the land-revenue can be transferred at once to local bodies. But I urge that, in consideration of this difference, the Government should help our local bodies with large recurring grants. In any case, the whole

question requires to be carefully considered. A great authority on finance, Mr. Bastable, in the chapter on local taxation in his *Public Finance*, points out that land is pre-eminently a source from which local taxation must necessarily be largely drawn; and he points out that in rural areas, there is hardly anything else from which a local revenue can be derived. This is Bastable's view, and I think his authority must be acknowledged by every one. I therefore urge, my Lord, that a careful and thorough inquiry into this question is absolutely necessary, by a body of men qualified to deal with the subject, who should confine themselves to this sole and single question of the adequacy or otherwise of the resources of local bodies. The Committee should inquire into, first of all, whether the present distribution of resources between the Imperial Government and the local bodies is a fair one; secondly, in what ways the Central Government can come to the assistance of the local bodies—whether any revenues can be assigned as is done in England, and, if so, what, to what extent steadily increasing recurring grants-in-aid can be made from the Imperial Exchequer to the local bodies, and whether there is any margin for additional local taxation, and, if so, to what extent. I, for instance, would revive octroi in Bengal and Madras. The theoretical objections against octroi will, I think, not do in this country at our present stage. If you disallow octroi, you shut out an important and fairly large source of revenue for our local bodies. My Lord, I urge this inquiry because the whole future of our local self-government depends upon this. It is freely admitted by every one—by the Government and by the non-official public alike—that there can be no more potent instrument of political education for the mass of our people than local self-government. On this account, as also because the interests of health education and communications, which are in the charge of local bodies, are of the utmost importance to the community, that I urge a sympathetic examination of this question. My Lord, the Hon'ble the Finance Minister told us the other day—he said he was committing an indiscretion, but the country is grateful to him for that indiscretion that, in one of the first conversations he had

with Your Excellency, you stated to him that it was your earnest desire specially to promote the interests of education and sanitation in this country during your administration. My Lord, there can be no nobler gift bestowed on humanity than the two gifts of health and knowledge. We all fervently pray that Your Excellency may be enabled to realise this ambition of your heart. But if the ambition is to be realised, it can only be by strengthening the financial position of local bodies, because both sanitation and education can be promoted in the land only through the instrumentality of local bodies. I, therefore, earnestly trust that the Government will direct an inquiry such as I have proposed. The question is a very large one, and it has got to be dealt with in a large way. Unless it is so dealt with, local bodies are enabled to discharge the functions which have been entrusted to them properly, not only will local self-government prove a failure, but those great interests, those sacred interests, which have been made over to them—the interests of health and education—will also suffer.

My Lord, I move the Resolution which stands in my name.

[*Replying on the debate which ensued, Mr. Gokhale spoke as follows*:—]

My Lord, I was glad to hear the assurance which the Hon'ble Sir James Meston gave that the Government will consider the opinions expressed in the course of this debate in passing final orders on the recommendations of the Decentralization Commission. The delay in passing such orders has already been very considerable, and I hope the question will be dealt with very early now. Of course, we know that the wheels of the Government do grind slowly; only I am not sure that they grind 'exceeding small.' However, I sincerely trust we shall not have to wait very much longer now.

As regards the question of land-revenue—whether it was rent or tax, and whether I was right in including it among the proceeds of taxation—the Hon'ble Member has raised again the old controversy to which by anticipation

I had briefly referred. I will, however, mention in this matter a great authority on the subject—an authority which I hope will satisfy even the Hon'ble Member. One of the most distinguished Finance Ministers that the Civil Service ever gave to India was Sir David Barbour. Now, Sir David Barbour, as I have already stated, assisted Lord Cromer in his inquiry into the income in India per head, an inquiry which was made in the early eighties. The report, setting forth the final conclusions of that inquiry, has been treated by Government, curiously enough, as a confidential document. On several occasions a demand was made in the House of Commons for the production of that report, but the Secretary of State invariably resisted it on the ground that the papers were confidential. By an extraordinary chance, however, I came across a copy of this report in the Imperial Records—I found it among a heap of books in a neglected corner. On the outside the volume had nothing to indicate that it was of a confidential character; inside, however, the word 'Confidential' was printed in a corner. I asked the librarian, as the book was there among other books, if I could use it, and he said I could, as well as any other book in the room! Now in that report, Sir David Barbour gives his deliberate opinion that our land-revenue must be included among the contributions made by the people, and he gives most excellent grounds for that opinion. He says the only question that has to be considered is, of the total wealth produced by the community, how much is required by the Government for the purposes of administration? It is quite clear that if the Government did not take this land-revenue from the people, it would remain with the community and would fructify in its pockets. In that respect land-revenue stands precisely on the same level as the proceeds of the salt-tax or any other taxes, and therefore in estimating the total contribution of the people for the expenses of the Government, land-revenue, he says, must be included.

My Hon'ble friend also said that if once the principle of regular grants was introduced, there was the danger of local bodies pressing Government for more and more money, and that would be irresponsible finance. I will tell

the Hon'ble Member a little story by way of answer to that. A little child that had to trudge a long way to school asked its father once to give it a penny for a bus ride. The father, however, tried to point out that children that drove in carriages were also discontented, that they aspire to drive in taxis and motors, and that it was therefore best to resist his request for a penny for a bus ride. My Lord, we are not even at the beginning of the system of grants-in-aid; when we get substantial grants, I think it will be time enough for the Government to talk of the possible abuses of the system. Moreover, the Hon'ble Member forgets that there is an important safeguard against any such abuse in this country. In England a private Member has plenty of influence: here we can only bring up questions for discussion, and until the constitution of this Council is remodelled, the Finance Department, I am quite sure, in spite of what the Hon'ble Sir Guy Fleetwood Wilson said at the end of his speech, can well go to sleep. They have nothing to fear from us, poor non-official members of this Council!

One more remark of the Hon'ble Member I must notice, namely, that the additional centimes in France were demoralising. I have no personal knowledge of that, but I am not quite convinced that the Hon'ble Member is right. Our one-anna cess is already in the nature of 'additional centimes,' and the Government had no objection to that. If you will not have this provision of centimes, you will have to depend upon grants-in-aid or assigned revenues. How else were our rural bodies to derive their revenue? Either the one or the other way must be adopted, or else, let it be said straight off that no more money could be found for local bodies. Now, as has been pointed out by Bastable, land is the only source from which rural bodies can derive the bulk of their income. But in this country land is already taxed up to the hilt, and therefore, unless the Government comes forward to make a liberal contribution to the local bodies, I do not see any other way in which local bodies can be really helped.

As regards what has fallen from the Finance Minister, it is quite true that there are Provincial Governments

intervening between the Government of India and the local bodies. But the distribution of the proceeds of our total taxation between imperial and local is a matter that principally concerns the Imperial Government and not the Provincial Governments, who, I am sure, will be simply glad to pass on to the local bodies the money that the Imperial Government may place at their disposal for the purpose. Moreover, your theory is that all the revenue belongs to the Imperial Government and the money that goes to the Provincial Governments is placed by you at their disposal as your agents. If you claim that, the responsibility also to find all the money required rests on you. I can assure the Hon'ble Member that if he is able to place recurring grants intended for local bodies at the disposal of the Local Governments, they will only be too glad to pass on these grants to local bodies. Therefore, action must be taken here by the Imperial Government and not by the Local Governments.

Then the Hon'ble Member says that recently grants have been given for sanitation. Yes, but they are non-recurring grants. You may give non-recurring grants from time to time whenever you are in a mood to do so. What I want is large recurring grants regularly provided out of the Budget for local bodies. The provision should be independent of what the state of the finances may be—prosperous or otherwise. I shall not object to additional taxation if necessary in order that this provision might be made. Education, sanitation and communication are services that require to be looked after quite as well as those that the Imperial Government has taken charge of. The Hon'ble Member says that if a committee is appointed, the members might look to the requirements of the local bodies, and the requirements of the Imperial Government might be left out. But all the six or seven members of the Imperial Government are constantly there and have been there, all these years, to think of the requirements of the Imperial Government. Only these two years a member has been put into this charmed circle to think about local bodies and their position. The influence of this new Department is already seen in the increased

grants that we have received for education and sanitation during the last two years. I am glad that the Hon'ble Member in charge of education and sanitation is now there to put continued pressure on the Finance Department. All the other members, however, are there every day to think solely of the Imperial requirements. My Lord, it is the local requirements that in the present scheme of things which have no great chance of being considered. I therefore urge that Government should appoint a body to make an inquiry not into a hundred subjects, but into this one sole single subject. I am quite sure that some day or other the Hon'ble Member will have to make an inquiry, and then even the juggler's illustration may come true. But considering the assurance which has been given by the Finance Department, namely, that the views expressed to-day will receive consideration when disposing of this question, I am content not to press this Resolution to-day, and I therefore beg to withdraw it.

GOLD CURRENCY.

[*On the 22nd March 1912, the Hon'ble Sir Vithaldas Thackersey moved a Resolution in the Imperial Legislative Council recommending the throwing open of Indian mints to the free coinage of gold. Mr. Gokhale, in supporting the Resolution, spoke as follows* :—]

My Lord, I beg to support this Resolution. My Hon'ble friend Sir Vithaldas Thackersey has referred to certain remarks which I had made in this Council a few years ago, and he has invited me to-day to develop my view still further. I do not know that there is much to develop, but I will briefly state what I think of one aspect —an important aspect—of the matter. In dealing with the question of high prices in 1908-1909, I had to give some thought to this question of the coinage of rupees and this was how I expressed my views on the occasion:

> It seems to me that the only way now out of our difficulties is to follow the example of France and the United States, and while admitting the rupee to unlimited tender, stop the coinage of new rupees and coin gold pieces instead. Of course I express this opinion with great diffidence, for there are serious considerations on the other side and the whole subject is enveloped in great obscurity. But I fear that the present half-way house will not do, and unless we place our currency on an automatic and self-adjusting basis, the clouds that are already overhead will thicken and not roll away.

The clouds that I specially referred to were clouds of high prices and also of certain apprehensions in connection with the adequacy or otherwise of our gold standard reserve to maintain the level of exchange. My Lord, so far as the question of prices is concerned, that is a matter which is under some sort of inquiry at present, and I do not therefore want to go into it at any length. The fact that there are no additions made during the last three years to our total silver currency has undoubtedly tended to ease the situation as regards prices. But if we are again on the eve of large additions to our silver currency, I fear the

question will be further complicated and the complications might possibly grow most serious. The view that I take of this matter is briefly this. The quantitative theory of money, as every student of political economy knows, holds good in the case of backward countries like India much more than in the case of advanced countries which have a highly developed system of credit instruments. Now, in that view of things, prices are a function, to use a mathematical phrase, of three variables; they depend upon three factors—the volume of currency, the supply of commodities, and the demand for commodities. Any two factors being the same, they vary with the third factor, either directly or inversely, as the relation may be. For instance, they vary directly with the volume of currency; they also vary directly with the demand for commodities; and they vary inversely with the supply of commodities. Now, assuming for the moment that the demand and supply continue normal, prices will vary according to the volume of currency. Of course it takes a fairly long period for these adjustments to take place, but I am stating only the tendency of things. Whether the total volume of currency that exists in circulation at any particular moment is adequate or otherwise depends upon a number of considerations, and the demands of new industrial developments in the country, increases in production, increased facilities for exchange and various other factors of that kind. But I am not going into that just now; I am simply considering the single phenomenon of prices in relation to the volume of currency, leaving everything else out as normal. Now, what is the difference if you have an automatic self-adjusting currency such as we may have with gold or we had with silver before the year 1893, and the kind of artificial currency that we have at present. Situated as India is, you will always require, to meet the demands of trade, the coinage of a certain number of gold or silver pieces, as the case may be, during the export season, that is for six months in the year. When the export season is brisk, money has to be sent into the interior to purchase commodities. That is a factor common to both situations whether you have an artificial automatic gold currency as now or a silver currency. But the difference

is this. During the remaining six months of the slack season there is undoubtedly experienced a redundancy of currency, and under a self-adjusting automatic system there are three outlets for this redundancy to work itself off. The coins that are superfluous may either come back to the banks and to the coffers of Government; or they may be exported, or they may be melted by people for purposes of consumption or other wants. But where you have no self-adjusting and automatic currency, where the coin is an artificial token of currency such as our rupee is at the present moment, two out of three of these outlets are stopped. You cannot export the rupee without heavy loss, you cannot melt the rupee without heavy loss, and consequently the extra coins must return to the banks and the coffers of Government, or they must be absorbed by the people. In the latter case, the situation is like that of a soil which is water-logged, which has no efficient drainage, and the moisture from which cannot be removed. In this country the facilities for banking are very inadequate, and therefore our money does not swiftly flow back to the banks or Government treasuries. Consequently the extra money that is sent into the interior often gathers here and there like pools of water, turning the whole soil into a marsh. I believe the fact cannot be gainsaid that the stopping of two outlets out of three tends to raise prices by making the volume of currency redundant. If we had a gold currency in place of the present artificial silver currency, when there is a redundancy, the people could re-melt gold coins into bullion or export gold coins without loss; but the rupee being what it is the people cannot melt or export it, because of the difference between its token and intrinsic values, and every rupee coined remains as a net addition to the currency. It has been estimated that an average of about three crores of rupees used to be melted annually by the people under the old system for purposes of ornaments, etc. Where the cost of carrying bullion from the ports into the interior exceeded the slight loss that was incurred by melting rupees, people melted rupees. And the present disability will remain as long as our currency remains artificial. As

a matter of fact, those who suggested that our currency should be placed on its present basis had foreseen this, and they had recommended that the present should only be a temporary arrangement. The Fowler Committee and other authorities have advocated a gold standard and a gold currency, not a silver currency, as the permanent arrangement for this country. The time has come when we should consider whether we should not enter on the next stage of our currency policy and go in for the coinage of gold pieces, admitting silver, however, for the present to unlimited legal tender. But a time must come when silver will have to be restricted in amount as legal tender, and gold will then have to be the principal coin of the country. My Lord, I support this Resolution.

ELEMENTARY EDUCATION, 1910.

[*On 18th March 1910, Mr. Gokhale, in moving a Resolution in the Imperial Legislative Council, recommending that a beginning be made in the direction of free and compulsory education and that a commission be appointed to frame definite proposals, spoke as follows* :—]

I beg to place the following Resolution before the Council for its consideration :—

That this Council recommends that a beginning should be made in the direction of making elementary education free and compulsory throughout the country, and that a mixed Commission of officials and non-officials be appointed at an early date to frame definite proposals.

My Lord, I trust the Council will note carefully what it is exactly that this resolution proposes. The resolution does not ask that elementary education should be made compulsory at once throughout India. It does not even ask that it should be made free at once throughout the country, though this was the course which the Government of India themselves were decidedly inclined to adopt three years ago. All that the resolution does is to recommend that a beginning should now be made in the direction of making elementary education free and compulsory and that a Commission should be appointed to consider the question and frame definite proposals. In other words, I propose that the State should now accept in this country the same responsibilities in regard to mass education that the Governments of most other civilized countries are already discharging, and that a well-considered scheme should be drawn up and adhered to till it is carried out.

My Lord, a French writer has just described the nineteenth century as pre-eminently the century of the child. The question of the education of the child occupied the attention of statesmen during that century as

much as any other important question, and there is no doubt that the enormous expansion of popular education that has taken place during the period in the Western world ranks in importance with its three other great achievements, *viz.*, the application of science to industrial processes, the employment of steam and electricity to annihilate distance, and the rise of democracies. My Lord, three movements have combined to give to mass education the place which it occupies at present among the duties of a State—the humanitarian movement which reformed prisons and liberated the slave, the democratic movement which admitted large masses of men to a participation in government, and the industrial movement which brought home to nations the recognition that the general spread of education in a country, even when it did not proceed beyond the elementary stage, meant the increased efficiency of the worker.

My Lord, the time is long past when anybody could seriously contend that the bulk of human beings were made for physical labour only and that even the faint glimmer of rudimentary knowledge was not for them. On the contrary, it is at present universally recognized that a certain minimum of general instruction is an obligation which society owes to all its future members, and in nearly the whole civilized world every State is trying to meet this obligation only in one way, namely, by making elementary education compulsory and free. And thus it is, that, led by the German States, country after country in Europe and America and Japan in the East have adopted this system of free and compulsory education; and we find to-day all the countries in Europe, excepting Russia and Turkey, and the United States of America and Canada and Australia and Japan and several even of the smaller Republics in South America—all having this system in operation. And even within the borders of India itself it is gratifying to note that the enlightened and far-seeing Ruler of Baroda, after an experiment of 15 years carried out in one of the talukas of his State, namely, the Amreli Taluka, has since last year extended this system to the whole of his State.

The statistics of school attendance in the different countries are in this connection deeply instructive. To understand these statistics it is necessary that we should remember that the English standard of school-going population is 15 per cent., but that standard pre-supposes a school period of 6 to 7 years. In England the period—the compulsory period—being from 6 to 7 years, they estimate that about 15 per cent. of a country must be at school. It follows therefore that where this period is longer the proportion of the total population that will be at school will be greater, and where the period is shorter the proportion will be smaller. Now in the United States and in some of the continental countries this period is 8 years, whereas in Japan it is only 4 years, and in Italy it is as low as 3 years. Remembering these things I would ask the Council to note the statistics. In the United States of America 21 per cent. of the whole population is receiving elementary education; in Canada, in Australia, in Switzerland, and in Great Britain and Ireland the proportion ranges from 20 to 17 per cent; in Germany, in Austria-Hungary, in Norway, and in the Netherlands the proportion is from 17 to 15 per cent; in France it is slightly above 14 per cent.; in Sweden it is 14 per cent.; in Denmark it is 13 per cent; in Belgium it is 12 per cent.; in Japan it is 11 per cent.; in Italy, Greece and Spain it ranges between 8 and 9 per cent.; in Portugal and Russia it is between 4 and 5 per cent. I may mention in this connection that though elementary education is nominally compulsory in Portugal, the compulsion is not strictly enforced, and in Russia it is not compulsory, though for the most part it is gratuitous. In the Philippine Islands it is 5 per cent. of the total population; in Baroda it is 5 per cent. of the total population; and in British India it is only 1·9 per cent. of the total population.

I must now invite the Council to survey briefly the progress made in this country in the matter of primary education during the last half century. It is well known that our modern educational system dates from the time of the famous despatch of 1854. Before that despatch was received, it has been estimated by the Education Commis-

sion of Lord Ripon's Government that primary education was in existence on a considerable scale in this country. The total estimate made by them was that about 9 lakhs of pupils were receiving instruction in indigenous schools uncontrolled by any State agency and in accordance with ancient traditions. The Court of Directors in their despatch of 1854 first of all made the following declaration :—

> It is one of our most sacred duties to be the means, as far as in us lies, of conferring upon natives of India those vast moral and material blessings which flow from the general diffusion of useful knowledge and which India may under Providence derive from her connection with England.

In other words, as the Education Commission of 1882 say, in 1854 the education of the whole people in India was definitely accepted as a State duty. The despatch went on further to say thus :—

> Our attention should now be directed to a consideration, if possible still more important, and one which has hitherto, we are bound to admit, been too much neglected, namely, how useful and practical knowledge suited to every station in life should be best conveyed to the great mass of the people who are utterly incapable of obtaining any education worthy of the name by their own unaided efforts, and we desire to see the active measures of Government more specially directed for the future to this object, for the attainment of which we are ready to sanction a considerable increase in expenditure.

The next landmark in our educational progress is the Commission of 1882 appointed by the Government of Lord Ripon. This Commission was appointed to enquire into the state of education throughout the country, and one of the chief subjects suggested for inquiry was how far the policy laid down in the despatch of 1854 in regard to elementary education had been carried out. The Commission made careful inquiries and found that in 1882 there were about 85,000 primary schools in the country recognised by the Department, and there were about 21½ lakhs of pupils attending these schools. In addition to these there were about 2½ lakhs attending unrecognized schools. If we include these in our statistics for the purpose of finding out what was the extent of elementary education, then we get a total of 25

lakhs of pupils in 1882 receiving elementary instruction. That means 1·2 per cent. of the whole population of India at that time. The Commission, after pointing out how great was the area that still had to be covered, made several recommendations, of which I will quote these two. The first was :—

> While every branch of education might justly claim the fostering care of the State it is desirable in the present circumstances of the country to declare the elementary education of the masses, its provision, extension and improvement, to be that part of the educational system to which the strenuous efforts of the State should now be directed in still larger measure than heretofore.

The second recommendation, which has not been much noticed was that :—

> An attempt be made to secure the fullest possible provision for an expansion of primary education by legislation suited to the circumstances of each province.

Well, that was in 1882. A quarter of a century has elapsed since then, and what do we find to-day? The number of schools has risen from 85,000 to about 113,000: the number of pupils to-day in recognized schools both for boys and girls is about 39 lakhs. If we include in our estimate pupils who are attending unrecognized schools, we get a total of under 45 lakhs or about 1·9 per cent. of the whole population. Thus in the course of a quarter of a century the progress of primary education in this country is represented by an advance from 1·2 per cent. to 1·9 per cent. of the total population. My Lord, I venture to say that this is exceedingly slow and disappointing progress. It will be noticed on a reference to the last quinquennial report that a large part of this progress has been achieved during the last 6 or 7 years only. But even at this latter rate, I am quite sure that the rate of progress will not be regarded as in any way satisfactory; and well may the Hon'ble Mr. Orange say in his last report, as he says :—

> But the rate of increase for the last 25 years or for the last 5 is more slow than when compared with the distance that has to be travelled before primary education can be universally diffused. If the number of boys at school continued to increase even at the rate of increase that has taken place in the last 5 years and there

were no increase in population, even then several generations would still elapse before all the boys of school-age were in school.

The expenditure on primary education from public funds, that is, from provincial, municipal and local funds all taken together, has advanced during this period only by about 57 lakhs. It was a little over 36 lakhs then; it is over 93 lakhs just now. Now during the same period our land-revenue has advanced by 8 crores. It is now a little over 29 crores as against a little over 21 crores then. Our military expenditure during the same time has risen by about 13 crores: it was 19 crores then; it is now over 32 crores. The expenditure on civil departments has gone up by 8 crores. It is to-day 19 crores, I am taking the figures for 1907: it was about 11 crores then. Even the capital outlay on railways, which averaged about 4 crores in those days, it will now be noticed, has gone up to about 15 crores. The contrast suggested by these figures is obvious and I do not think that any comment is necessary.

I think, my Lord, a comparison of the progress made in this country during the last 25 years with what has been achieved in other countries during a corresponding period would be of great interest and is undoubtedly of great significance. I will take for purposes of this comparison four countries, two from the West and two from the East. I will take England and Russia from the West, and I will take Japan and the Philippines from the East. Well, what do we find? In England compulsory education was first introduced in the year 1870. England with her strongly marked love of individualism stood out against the continental system as long as she could. It was only in 1870 that the first step towards making elementary education compulsory was taken. The famous Act of 1870 did not introduce compulsion directly. It introduced what was described as permissive compulsion, that is, it conferred powers upon School Boards to frame bye-laws requiring the attendance of children at school. That was the first step. Six years afterwards another enactment was passed, and in 1880 a third enactment was passed whereby the fabric of compulsion was completed. The enactment of 1876 imposed an obligation on parents to

send their children to school and it also created School Attendance Committees in those areas where there were no School Boards : and finally, in 1880, compulsion was made absolute because the framing of bye-laws requiring attendance by School Boards Committees which was optional before, was made obligatory by the Act of 1880. The statistics about attendance during that period of 12 years are of great interest. Sir Henry Craik in his book, *The State in Relation to Education*, gives these statistics, from which we find that in 1871, when the population of England was 22 millions, the number of children actually attending schools was only 13,000,000. That amounted to about 43·3 per cent. of the school-going population which at 15 per cent. meant a little over three millions. In 1876 the number had risen to 2 millions, which was about 66 per cent. of the school-going population. By 1882 the number had already gone beyond 3 millions, that is, almost every child that should have been at school was at school. The whole problem was thus solved in 12 years and the attendance at schools was carried from 43·3 to nearly 100 per cent. in the period between 1870 and 1882. In 1881, England made education free.

Turning now to Japan we have an illustration of progress under other conditions. Japan has successfully applied Western methods to Eastern conditions of life, and in Japan we find that the modern educational system of the country dates, like almost everything else connected with her modern greatness, from the year 1872.

In that year a rescript was issued by the Emperor in which the following words occur: "It is designed henceforth that education shall be so diffused that there may not be a village with an ignorant family, or a family with an ignorant member." Ambitious words these, my Lord, as Mr. Sharpe points out, but Japan has entirely fulfilled them in the course of about 30 years. Before 1872, the total proportion of her population that was at school was only about 28 per cent. By the time that the century closed the proportion had already advanced to over 90 per cent. All this was achieved by Japan during a period when at the same time she created her magnificent army

and navy, which have extorted the unstinted admiration of the world. In Japan education is now practically compulsory, though they rely more upon moral persuasion than upon compulsion. In the earlier years of this period compulsion was not strictly enforced, but from 1890 steps have been taken to secure the attendance of every child of school-going age. In 1900, Japan made education free as far as possible.

Now, I turn to Russia. The educational problem in Russia is in many respects similar to the educational problem in this country, and yet we shall find that during the period of which I am speaking, that is, from 1880 to 1907, the progress of primary education even in Russia has been far greater than it has been in this country. In Russia the Government tried by the law of 1864 and the law of 1871 to direct the course of education, but without much success. As a matter of fact, the Government has not been able to do in Russia anything like what other Governments in the West have done in their countries. Even so, in the year 1880, there were just over a million pupils at school in Russia, and there were about 28,000 schools at that time. During the 25 years of which I speak the number of schools has risen to 90,000, and the number of pupils has gone up to nearly six millions. It was for 1906-1907, 5,700,000. Thus in 1880, according to the population at that time, about 1·2 per cent. of the total population was at school. Curiously enough, that was precisely the proportion in India at the time, 1·2 per cent. of the whole population. In 1906-1907, however, the proportion had gone up in Russia to about 4·5 per cent. of the population as against 1·9 in India. In Russia, as I have already pointed out, education is not compulsory, but it is for the most part gratuitous.

Lastly, I will take the case of the Philippine Islands which are under foreign rule. As is well known, the Philippines passed under the rule of America, under the rule of the United States, from the rule of Spain at the close of the last century. Definite reliable statistics are available from the year 1903; and taking the period 1903-1908, the period corresponding to that in regard to

which the Hon'ble Mr. Orange mentions the fact that the progress has been far greater than during any other time before in India, what do we find? In 1903 the number of schools was under 2,000, the number of pupils was about a lakh and a half (150,000). The total population of the Philippine Islands is about 7 millions. This gives for 1903 a proportion of about 2 per cent. of the whole population at school. In 1908 the schools had doubled and the numbers attending them had risen to 350,000, which give a proportion of about 5 per cent. of the whole population. Thus the population actually at school advanced from about 2 per cent. to 5 per cent. during 1903 to 1908, during which time in India it advanced only from 1·6 per cent. to 1·9 per cent. In the Philippines, education is compulsory, though the compulsion is not strictly enforced. It is also free where the teachers are paid out of public funds.

My Lord, I have troubled the Council with this review, not because I believe in bewailing lost opportunities, but because the problems of the present and the future can be successfully solved only when they are taken in relation to the past. 'Forget those things that are behind' is no doubt a wise injunction, and yet it is sometimes necessary to recall such things in order to understand the better those things that are ahead. I am sure there is no one in this Council who will question either the value or the necessity of universal education for the mass of the people. I am sure even my Hon'ble friend the Maharaja of Burdwan, with all his horror of Western socialism, will not want the mass of our people to remain steeped permanently in ignorance and darkness. Now the only way that the world has discovered to secure universal education in a country has been by making it compulsory and free. This is the only method that the world has found to be successful and so far there is no other method in the field. Again, if you make elementary instruction compulsory, it follows that you will have also to make it free, because otherwise compulsion would operate harshly on the poorer classes of the community. The only question therefore that we have to consider is how far we in this country can now adopt that principle which has already been adopted by most countries

of the civilized world, and which has already produced those most striking results that I have already mentioned to the Council. Now this question, I admit, is largely a question of what is practicable and not a question of mere theory. I want therefore to approach the question and consider it strictly and solely from a practical standpoint. There is no doubt that I shall be told in the course of this discussion that the country is not yet ripe for the introduction of the compulsory principle. Well, I myself admit the necessity of proceeding in this matter with extreme caution and only after due deliberation, but the objection that the country is not ripe for any particular reform has always been urged, as far as I am aware, against every reform that has ever been proposed. We shall not therefore take much note of that objection, but consider what are the practical difficulties that will have actually to be surmounted before this principle is successfully applied to Indian conditions. My Lord, what is the extent of the problem that we have got to solve in this country? This is the first consideration. Here let me state at the outset that I do not propose compulsion for the present for girls; I propose compulsion only for boys. For girls for the present and for some years to come, education will have to be on a voluntary basis. In some respects girls' education is even more important than that of boys in the India of to-day, and yet in view of the difficulties that surround that question, that education must be maintained for some years to come only on a voluntary basis. At the same time, far more vigorous efforts are necessary, on that voluntary basis, than have so far been made. But I want the Council clearly to understand that the compulsory principle which I advocate to-day is to be confined only to boys. We must therefore first of all ascertain what would be the number of boys that would be at school if education were compulsory in this country. Now I have already pointed out that the standard of 15 per cent. of the total population as the school-going population is the standard of England. There the school period is taken to be 6 to 7 years. I propose that we should be satisfied with a compulsory period of 4 years only as they have in Japan. In Japan

the period is from 6 years to 10 years of the child's age. I propose that we should be satisfied with that period. If we have this period as the compulsory period, it will be found on a reference to census returns that the proportion of the male population of the country between the years 6 and 10 is less than 12 per cent. of the total male population. Therefore, our problem is how to educate, how to have under elementary instruction 12 per cent. of the male population of the country. Now we find that already at the present moment, about 3 per cent. of the male population is at school—as a reference to the last quinquennial report will show. The number of boys at school, according to that report, is about 36 lakhs, and adding to that number the 5 or 6 lakhs that are attending schools not recognised by the State, it will be found that the proportion comes to about 3 per cent. of the total male population. We therefore have one quarter of the male population of school-going age already at school. What we want therefore is to quadruple this attendance and provide for the cost of such quadrupling. Now another reference to the quinquennial report will show that the cost of maintaining all these boys' schools in 1906-07 was about a crore and 36 lakhs from all sources, provincial, municipal and local, as also fees and other receipts. Well, assuming that all further expansion takes place only out of public funds, that there are no more fees charged and no more receipts from private sources coming, we shall need four times this cost in order to have the entire male population of school-going age at school. Four times a crore and 36 lakhs means about 5½ crores; that is about 4 crores more than what is expended at the present moment will have to be found if the entire male population of school-going age is to be maintained at school. Now I do not suggest that the whole of this burden should fall upon the State. I think it should be divided between the State and local bodies. I would suggest a proportion of two thirds and one-third, as they have in Scotland, where the Parliamentary grant and the amount spent from local rates stand to each other in the proportion of two to one. If the State will therefore undertake to defray two-thirds of this 4 crores, it will mean an additional expenditure of about

2¾ crores when every boy is at school, supposing of course that the population remains where it is just now. This, however, it will be seen, will not have to be incurred at once. Two and two-third crores will be reached when the entire field has been covered, which will be a slow process even when the principle of compulsion, as I advocate it, has been adopted, because it will have to be applied slowly; I for one shall be satisfied if the whole field is covered in the course of, say, 20 years. If in the course of 20 years we get the entire male population of school-going age at school, I for one shall think that we have done extremely well. This means that the whole of this increased cost of 2¾ crores which the State will have to incur will be spread over 20 years, and will not be incurred at once. Having pointed out thus the extent of the problem, I will now come to the actual proposals that I want to make. (1) My first proposal is that following the example of the Act of 1870, we should pass an Act conferring powers upon local bodies to make elementary education compulsory in their areas. I recognise, my Lord, that the unpopularity that will be evoked by the principle of compulsion in certain sections will be considerable; and in view of the special circumstances attaching to the position of the British Government in this country, I recognise that this unpopularity should not come to the State on account of any direct compulsion introduced by it. The compulsion introduced therefore should be indirect, through local bodies and not direct by the State. (2) My second proposal is that compulsion should be only for boys and not for girls. (3) My third proposal is that the period of compulsion should be between 6 years and 10 years as in Japan. (4) The fourth proposal is this. In any area where 33 per cent. of the male population is already at school, there this principle of compulsion should be applied. I have already pointed out that in England about 43·4 per cent. of the children were at school when compulsion was introduced. In Japan about 28 per cent. were at school. I should propose 33 per cent. as the proportion which should satisfy us that compulsion would not be premature in any particular area. Where 33 per cent. of the boys are actually at school, elementary education should be made

compulsory for all boys in that area. In other areas the attempt should be to work up to this proportion of 33 per cent. As soon as 33 per cent. is reached, compulsion should be introduced. (5) My fifth proposal is that wherever compulsory education is introduced, it should be gratuitous, because otherwise it would be a great hardship on poor people. At any rate the children of those parents whose income is below a certain limit, say, Rs. 25 a month, should receive gratuitous instruction. (6) My sixth proposal is that the extra cost should be divided between the Government and the local bodies in the proportion of 2 to 1. (7) My seventh proposal is that there should now be a separate Secretary for Education in the Home Department. Instead of having a Director-General I would have a Secretary in the Home Department specially for education, and eventually I look forward to the time when a Member in separate charge of education will be included in the Executive Council. (8) My eighth proposal is that education should now be a divided head instead of its being a purely Provincial head. The root of the mischief, as we see it to-day, is there. The resources at the disposal of the Provincial Governments are extremely limited. I know many of the Provincial Governments are anxious to spend more money on primary education; but it is a struggle with them which they have constantly to carry on to make the two ends meet, and it is not possible for them to find more money for primary education than they are able to spend at the present moment. The Government of India, on the other hand, has from time to time abundant resources at its disposal, though this year my Hon'ble friend has imposed extra taxation. In any case the Government of India has not the same struggle to make its two ends meet that the Local Governments generally have; if it had a direct responsibility for education instead of the remote responsibility that it has at present, I am quite sure more would be done for education. Education should therefore be a divided charge and there should be a definite programme before the Government, just as there is a programme for railways, which should be carried out steadily year by year. (9) My last proposal in this connection is that a statement describing the progress

of education from year to year should be published with the annual Financial Statement as is done in the case of Army Services and the Railway Board. These are the 9 definite practical proposals that I would like to submit to the consideration of this Council. I do not claim that these are the details of a complete scheme: they are only general suggestions tentatively thrown out, and if the Government will appoint a Commission such as I suggest, all these suggestions can go to that Commission, and the Commission would be able to pronounce definitely on their practicability. I now come to the financial part of the scheme. I have already said that the cost for the State will be about $2\frac{2}{3}$ crores a year, to be worked up to in twenty years. Well, in spite of the financial difficulties of which we have heard a good deal this year, the State is in a position to meet this cost. The resources of the State are ample for this purpose. I will only briefly indicate them. First of all you have the normal growth of revenue, which was once estimated by Sir Edward Baker at about a crore and 20 lakhs a year. Then you must have retrenchment. I trust after what has been said during the course of the recent discussions that a rigorous policy of retrenchment will now be enforced especially in regard to those Departments which show over-grown expenditure, such as the Army and Civil Departments. Thirdly, there is that sum of about a million sterling, which is spent out of revenue partly for reducing debt under the Famine Insurance Grant and partly under Railways for redemption of debt. That ought to be made available for expenditure for current purposes. The fourth resource is this. For years, in the sixties and seventies, our import-duties used to be at $7\frac{1}{2}$ per cent. instead of 5 per cent. There is no reason why they should not be at $7\frac{1}{2}$ per cent. again. That will bring $2\frac{1}{2}$ crores more for my Hon'ble friend there. The fifth source that I would point out is an export duty on jute and on several other commodities. A 5 per cent. duty on jute will mean about a crore of rupees. Lastly, I go further and I say this, that if the worst comes to the worst and every other resource fails, which I do not for a moment think to be possible I shall be prepared to advocate an extra 8 annas on salt

because I think it is a smaller evil that my countrymen should eat less salt than that their children should continue to grow up in ignorance and darkness and all the moral and material helplessness which at present characterises their lives.

My Lord, one word more and I have done. I will frankly confess that I have not introduced this resolution in the Council to-day in the hope that it will be adopted by the Council. Constituted as this body is, we all recognize that unless a resolution finds favour in the eyes of the Government, there is no chance of its being carried, and I recognize further that it is not reasonable to expect Government to accept this resolution without further consideration. Even if they are inclined to take a favourable view of my proposals, they are proposals which will naturally have to be referred to the Secretary of State before any decisive step is taken. I have not therefore the least expectation that this resolution will be adopted by the Council. But though the Government may not be able to accept the resolution, they certainly can undertake to examine the whole question at an early date in a sympathetic spirit. If that is done, I shall be satisfied. In any case the Government, I trust, will not do two things. I trust they will not make a definite pronouncement against the principle of free and compulsory education to-day, and I also trust that the resolution which I have moved will not be brushed aside on the plea that the condition of the finances does not admit of the proposals being maintained. My Lord, there is much truth in the homely adage that where there is a will there is a way. I think that this question of compulsory and free primary education is now in this country the question of questions. The well-being of millions upon millions of children who are waiting to be brought under the humanising influence of education depends upon it. The increased efficiency of the individual, the higher general level of intelligence, the stiffening of the moral backbone of large sections of the community, none of these things can come without such education. In fact, the whole of our future as a nation is inextricably bound up with it. My Lord, however this resolution may

be disposed of here to-day I feel that in this matter we are bound to win. The practice of the whole civilised world, the sympathies of the British democracy and our own natural and legitimate aspirations of which your Lordship has more than once admitted the reasonableness, all these are united in its favour. This resolution will come up again and again before this Council till it is carried to a successful issue. My Lord, I earnestly hope that the Government will read aright the needs of the situation and not fail to move with the times in this matter. To my mind the call of duty to them is clear, and it is also the call of statesmanship—that statesmanship which pursues, unhasting but unresting, the highest interests of the people committed to its care.

THE ELEMENTARY EDUCATION BILL.

[*On 16th March 1911, Mr. Gokhale, in asking for leave in the Imperial Legislative Council to introduce a Bill to make better provision for the extension of elementary education in India, spoke as follows* :—]

My Lord, I rise to ask for leave to introduce a Bill to make better provision for the extension of elementary education throughout India. Hon'ble Members will recollect that about this time last year, the Council considered a resolution which I had ventured to submit to its judgment, recommending that elementary education should gradually be made compulsory and free throughout the country, and that a mixed Commission of officials and non-officials should be appointed to frame definite proposals. In the debate, which ensued on the occasion, fifteen Members, including the Home Member, the Home Secretary and the Director-General of Education, took part. There was then no separate portfolio of Education, and educational interests rubbed shoulders with jails and the police, in the all-comprehensive charge of the Home Department. In the end, on an assurance being given by the Home Member that the whole question would be carefully examined by the Government, the resolution was withdrawn. Twelve months, my Lord, have elapsed since then, and the progress which the question has made during the interval has not been altogether disappointing. In one important particular, indeed, events have moved faster than I had ventured to hope or suggest. One of the proposals urged by me on the Government last year was that Education should, to begin with, have a separate Secretary, and that eventually there should be a separate Member for Education in the Governor General's Executive Council. The Government, however, have given us at one bound a full-fledged Department of Education, and the Hon'ble Mr. Butler has already been placed in charge of it. My Lord, the

Hon'ble Member's appointment to the new office has been received with general satisfaction, and it is recognized on all sides that he brings to his task a reputation for great practical capacity. What I value, however, even more than his practical capacity, is the fact that the Indian sun has not dried the Hon'ble Member and that he has not yet shed those enthusiasms with which perhaps we all start in life, and without which no high task for the improvement of humanity has ever been undertaken. I think, my Lord, the creation of a separate portfolio for Education brings us sensibly nearer the time when elementary education shall be universal throughout India. That there is a strong demand for this in the country—a demand, moreover, daily growing stronger—may be gathered from the fact that, since last year's debate, the question has been kept well to the fore by the Indian Press, and that last December resolutions in favour of compulsory and free primary education were passed not only by the Indian National Congress at Allahabad, but also by the Moslem League, which held its sittings at Nagpur. On the Government side, too, the declaration made in the House of Commons last July by the Under-Secretary of State for India that one of the objects of the creation of the new Education Department was to spread education throughout the country, the significant language employed by Your Lordship on the subject of education in your reply to the Congress address at the beginning of this year, and the Educational Conference, summoned by the Hon'ble Mr. Butler last month at Allahabad—all point to the fact that the Government are alive to the necessity of moving faster and that it will not be long before vigorous measures are taken in hand to ensure a more rapid spread of mass education in the land. The present thus is a singularly favourable juncture for submitting to the Council and the country the desirability of a forward move, such as my Bill proposes, and I earnestly trust the Council will not withhold from me the leave I ask to introduce the Bill.

My Lord, I expect the Government have now concluded their examination of my proposals of last year, and

perhaps the Hon'ble Member will tell us to-day what conclusions have been arrived at. The part of the scheme to which I attached the greatest importance was that relating to the gradual introduction of the principle of compulsion into the system of elementary education in the country, and that part is now embodied in the Bill which I wish to introduce to-day. My Lord, an American legislator, addressing his countrymen more than half a century ago, once said that if he had the Archangel's trumpet, the blast of which could startle the living of all nations, he would sound it in their ears and say: 'Educate your children, educate all your children, educate every one of your children.' The deep wisdom and passionate humanity of this aspiration is now generally recognised, and in almost every civilised country, the State to-day accepts the education of the children as a primary duty resting upon it. Even if the advantages of an elementary education be put no higher than a capacity to read and write, its universal diffusion is a matter of prime importance, for literacy is better than illiteracy any day, and the banishment of a whole people's illiteracy is no mean achievement. But elementary education for the mass of the people means something more than a mere capacity to read and write. It means for them a keener enjoyment of life and a more refined standard of living. It means the greater moral and economic efficiency of the individual. It means a higher level of intelligence for the whole community generally. He who reckons these advantages lightly may as well doubt the value of light or fresh air in the economy of human health. I think it is not unfair to say that one important test of the solicitude of a Government for the true well-being of its people is the extent to which, and the manner in which, it seeks to discharge its duty in the matter of mass education. And judged by this test, the Government of this country must wake up to its responsibilities much more than it has hitherto done, before it can take its proper place among the civilised Governments of the world. Whether we consider the extent of literacy among the population, or the proportion of those actually at school, or the system of education adopted, or the amount of money expended, on primary education, India is far, far behind

other civilised countries. Take literacy. While in India, according to the figures of the census of 1901. less than 6 per cent. of the whole population could read and write, even in Russia, the most backward of European countries educationally, the proportion of literates at the last census was about 25 per cent., while in many European countries, as also the United States of America, and Canada and Australia, almost the entire population is now able to read and write. As regards attendance at school, I think it will be well to quote once more the statistics which I mentioned in moving my resolution of last year. They are as follows:—'In the United States of America, 21 per cent. of the whole population is receiving elementary education; in Canada, in Australia, in Switzerland, and in Great Britain and Ireland, the proportion ranges from 20 to 17 per cent.; in Germany, in Austria-Hungary, in Norway and in the Netherlands the proportion is from 17 to 15 per cent.; in France it is slightly above 14 per cent.; in Sweden it is 14 per cent.; in Denmark it is 13 per cent.; in Belgium it is 12 per cent.; in Japan it is 11 per cent.; in Italy, Greece and Spain it ranges between 8 and 9 per cent.; in Portugal and Russia it is between 4 and 5 per cent.; whereas in British India it is only 1·9 per cent.' Turning next to the systems of education adopted in different countries, we find that while in most of them elementary education is both compulsory and free, and in a few, though the principle of compulsion is not strictly enforced or has not yet been introduced, it is either wholly or for the most part gratuitous, in India alone it is neither compulsory nor free. Thus in Great Britain and Ireland, France, Germany, Switzerland, Austria-Hungary, Italy, Belgium, Denmark, Norway, Sweden, the United States of America, Canada, Australia and Japan, it is both compulsory and free, the period of compulsion being generally six years, though in some of the American States it is now as long as nine years. In Holland, elementary education is compulsory, but not free. In Spain, Portugal, Greece, Bulgaria, Servia and Rumania, it is free, and, in theory, compulsory, though compulsion is not strictly enforced. In Turkey, too, it is free and nominally compulsory, and in Russia, though compulsion has not yet been introduced, it

is for the most part gratuitous. Lastly, if we take the expenditure on elementary education in different countries per head of the population, even allowing for different money values in different countries, we find that India is simply nowhere in the comparison. The expenditure per head of the population is highest in the United States, being no less than 16*s.*; in Switzerland, it is 13*s.* 8*d.* per head; in Australia, 11*s.* 3*d.*; in England and Wales, 10*s.*; in Canada, 9*s* 9*d.*; in Scotland, 9*s.* 7½*d*; in Germany, 6*s.* 10*d.*; in Ireland, 6*s.* 5*d.*; in the Netherlands, 6*s.* 4½*d.*; in Sweden, 5*s.* 7*d.*; in Belgium, 5*s.* 4*d.*; in Norway, 5*s.* 1*d.*; in France, 4*s.* 10*d.*; in Austria, 3*s.* 1½*d.*; in Spain, 1*s.* 10*d.*; in Italy, 1*s.* 7½*d.*; in Servia and Japan, 1*s.* 2*d.*; in Russia, 7½*d.*; while, in India, it is barely one penny.

My Lord, it may be urged, and with some show of reason, that as mass education is essentially a Western idea and India has not been under Western influences for more than a century, it is not fair to compare the progress made by her with the achievements of Western nations in that field. I am not sure that there is really much in this view, for even in most Western countries, mass education is a comparatively recent development, and even in the East, we have before us the example of Japan, which came under the influence of the West less than half a century ago, and has already successfully adopted a system of universal education. Assuming, however, for the sake of argument, that it is not fair to compare India with Western countries in this matter, no such objection can, I believe, be urged against a comparison of Indian progress with that made in the Philippines, or Ceylon, or Baroda. The Philippines came under American rule only thirteen years ago; it cannot be said that in natural intelligence or desire for education, the Philippinos are superior to the people of India; and yet the progress in mass education made in the Islands during this short period has been so great that it constitutes a remarkable tribute to the energy and enthusiasm of American ideals. Under Spanish rule, there was no system of popular education in the Philippines. As soon as the islands passed into the possession of the United States, a regular programme of primary education

came to be planned and has been steadily adhered to. The aim is to make primary education universal. Instruction is free, and the education authorities advise compulsion, though no compulsory law has yet been enacted. So great, however, is the enthusiasm that has been aroused in the matter that many Municipalities have introduced compulsion by local ordinances. And though there is room for doubt if the ordinances are strictly legal, no question has been raised, and the people are acquiescing cheerfully in their enforcement. How rapidly things are advancing in the Philippines may be judged by the fact that in five years—from 1903 to 1908—the number of pupils attending school more than doubled itself, having risen from 150,000 to 360,000. The proportion of children receiving instruction to the whole population of the islands is now nearly 6 per cent., as against 2 in British India.

The conditions of Ceylon approximate closely to those of Southern India, and the fact that it is directly administered by England as a Crown Colony need not make any difference in its favour. In regard to mass education, however, Ceylon is far ahead to-day of India. Elementary instruction in Ceylon is imparted by two classes of schools, Government and Aided, the Government schools covering about one-third, and the Aided schools two-thirds of the area. In Government schools, a system of compulsory attendance has long been in force, the defaulting parent being brought by the teacher before a Village Tribunal, who can inflict small fines. In 1901, a Committee was appointed by the Government to advise what steps should be taken to extend primary education in the Island and the Committee strongly recommended 'that Government should take steps to compel parents to give their children a good vernacular education.' Again, in 1905, a Commission was appointed to make further enquiries into the matter, and the recommendations of this body were accepted in the main by the Colonial Secretary. These recommendations were: (1) that attendance at school should be compulsory for boys during a period of six years in areas proclaimed by the Governor; (2) that no fees should be charged; (3) that

girls' education should be pushed on vigorously; (4) that District and Divisional Committees should be constituted to look after the education of children in their areas; and (5) that the Road Tax should be handed over to these bodies to form the nucleus of an Education Fund. Action was first taken under the new scheme in 1908, when 16 Districts were proclaimed by the Governor; and the official report for 1909 thus speaks of its working: 'There has been no difficulty so far, and there seems to be every reason to hope that none of the difficulties, which were anticipated by some of the managers of aided schools, will arise. It is hoped that in the course of the present year, it will be brought into working order in all the Districts.' In 1909 the total number of pupils, attending primary schools in Ceylon, was 237,000, which gives a proportion of 6·6 per cent. to the whole population of the Island.

Within the borders of India itself, the Maharaja of Baroda has set an example of enthusiasm in the cause of education, for which he is entitled to the lasting gratitude of the people of the country. His Highness began his first experiment in the matter of introducing compulsory and free education into his State eighteen years ago in ten villages of the Amreli Taluka. After watching the experiment for eight years, it was extended to the whole taluka in 1901, and finally, in 1906, primary education was made compulsory and free throughout the State for boys between the ages of 6 and 12, and for girls between the ages of 6 and 10. The age-limit for girls has since been raised from 10 to 11. The last two Education Reports of the State explain with considerable fullness the working of the measure, and furnish most interesting reading. In 1909, the total number of pupils at school was 165,000, which gives a proportion of 8·6 per cent. to the total population of the State. Taking the children of school-going age, we find that 79·6 per cent. of boys of such age were at school, as against 21·5 per cent. in British India; while the percentage of girls was 47·6, as against our 4 per cent. only. The total expenditure on primary schools in Baroda in 1909 was about 7½ lakhs of rupees, which gives a proportion of about 6½*d.* per head of the population, as

against one penny in British India. The population of Baroda is drawn from the same classes as that of the adjoining British territories, and every day that passes sees the subjects of the Gaekwar outstanding more and more British subjects in the surrounding districts.

My Lord, if the history of elementary education throughout the world establishes one fact more clearly than another, it is this, that without a resort to compulsion no State can ensure a general diffusion of education among its people. England, with her strong love of individualism, stood out against the principle of compulsion for as long as she could, but she had to give way in the end all the same. And when the Act of 1870, which introduced compulsion into England and Wales, was under discussion, Mr. Gladstone made a frank admission in the matter in language which I would like to quote to this Council. 'Well, sir,' said he, 'there is another principle and undoubtedly of the gravest character, which I can even now hardly hope—though I do hope after all that we had seen—is accepted on the other side of the House—I mean the principle that compulsion must be applied in some effective manner to the promotion of education. I freely and frankly own that it was not without an effort that I myself accepted it. I deeply regret the necessity. I think that it is a scandal and a shame to the country that in the midst of our, as we think, advanced civilisation, and undoubtedly of our enormous wealth, we should at this time of day be obliged to entertain this principle of compulsion. Nevertheless, we have arrived deliberately at the conclusion that it must be entertained, and I do not hesitate to say that, being entertained, it ought to be entertaind with every consideration, with every desire of avoiding haste and precipitancy, but in a manner that shall render it effectual . . . . ' A Royal Commission, appointed in 1886 to report on the working of the measure adopted to make attendance at school compulsory in England and Wales, bore ungrudging testimony to the great effect which compulsion had produced on school attendance. 'It is to compulsion,' they wrote, 'that the increase of the numbers on the roll is

largely attributable. Among the witnesses before us, Mr. Stewart appears to stand alone in his opinion that, provided the required accommodation had been furnished, the result would have been much the same if attendance had not been obligatory. But to estimate fairly the influence, which compulsion has had upon the great increase in the number of children attending school, we must speak of it under the three heads into which its operation may be divided. There is, first, the direct influence of compulsion. This is exerted over parents, who are indifferent to the moral and intellectual welfare of their children, who are very eager to obtain what advantage they can from their children's earnings, but who never look beyond . . . But, secondly, compulsion exercises an indirect influence. Many parents are apathetic, yield weakly to their children's wish not to go to school. . . But they are keenly alive to the disgrace of being brought before a Magistrate, the fear of which supplies a stimulus sufficient to make them do their duty in this respect. In addition, the existence of a compulsory law has considerably affected public opinion and has done much to secure a larger school attendance by making people recognise that the State regards them as neglecting their duty if their children remain uneducated. The Ceylon Commission of 1905, in dealing with the question whether attendance at school should be made compulsory, expressed themselves as follows :—'With the exception of one or two districts of the Island, little good will be done by any system which does not enforce compulsory attendance. The Dutch, who had an extensive and successful system of Vernacular schools throughout the portions of the Island which were under their rule, found it necessary to enforce attendance by fines, and did so regularly. Parents, throughout a large portion of the Island, exercise very little control over their children, and will leave them to do as they like in the matter of school attendance. The result is that, where there is no compulsion, boys attend very irregularly and leave school very early. That compulsory attendance is desirable we have no doubt. My Lord, primary education has rested on a voluntary basis in this country for more than half a century, and what is the

extent of the progress it has made during the time? For answer one has to look at the single fact that seven children out of eight are yet allowed to grow up in ignorance and darkness, and four villages out of five are without a school. During the last six or seven years, the pace has been slightly more accelerated than before, but, even so, how extremely slow it is, may be seen from what Mr. Orange says of it in the last quinquennial report, issued two years ago :—But the rate of increase for the last twenty-five years or for the last five is more slow than when compared with the distance that has to be travelled before primary education can be universally diffused. If the number of boys at school continued to increase even at the rate of increase that has taken place in the last five years, and even if there was no increase in population, even then several generations would still elapse before all the boys of school age were in school. My Lord, I respectfully submit that this state of things must be remedied; that India must follow in the wake of other civilized countries in the matter, if her children are to enjoy anything like the advantages which the people of those countries enjoy in the race of life; that a beginning at least should now be made in the directoin of compulsion; and that the aim should be to cover the whole field in the lifetime of a generation. When England introduced compulsion in 1870, about 43 per cent. of her children of school-going age were at school, and ten years sufficed for her to bring all her children to school. When Japan took up compulsion, about 28 per cent. of her school-going population was at school, and Japan covered the whole field in about twenty years. Our difficulties are undoubtedly greater than those of any other country, and our progress, even with the principle of compulsion introduced, is bound to be slower. But if a beginning is made at once and we resolutely press forward towards the goal, the difficulties, great as they are, will vanish before long, and the rest of the journey will be comparatively simple and easy. My Lord, it is urged by those who are opposed to the introduction of compulsion in this country that though the Gaekwar, as an Indian Prince, could force compulsion on his subjects without serious opposition, the British

Government, as a foreign Government, cannot afford to risk the unpopularity which the measure will entail. Personally I do not think that the fear which lies behind this view is justified, because the Government in Ceylon is as much a foreign Government as that in India, and in Ceylon the authorities have not shrunk from the introduction of compulsion. But to meet this objection, I am quite willing that the first steps in the direction of compulsion should be taken by our Local Bodies, which reproduce in British territory conditions similar to those which obtain in Feudatory States. And even here I am willing that the first experiment should be made in carefully selected and advanced areas only. When the public mind is familiarised with the idea of compulsion, the Government may take the succeeding steps without any hesitation or misgiving. In view, also, of the special difficulties, likely to be experienced in extending the principle of compulsion at once to girls, I am willing that, to begin with, it should be applied to boys only, though I share the opinion that the education of girls is with us even a greater necessity than that of boys, and I look forward to the time when compulsion will be extended to all children alike of either sex. To prevent injudicious zeal on the part of Local Bodies, even in so good a cause as the spread of elementary education, I am willing that ample powers of control should be retained by the Provincial and Imperial Governments in their own hands. What I earnestly and emphatically insist on, however, is that no more time should now be lost in making a beginning in this all-important matter.

My Lord, I now come to the Bill, which I hope the Council will let me introduce to-day, and I ask the indulgence of the Council while I explain briefly its main provisions. The Bill, I may state at once, has been framed with a strict regard to the limitations of the position, to which I have already referred. It is a purely permissive Bill, and it merely proposes to empower Municipalities and District Boards, under certain circumstances, to introduce compulsion within their areas, in the first instance, in the case of boys, and later, when the time is

ripe, in the case of girls. Before a Local Body aspires to avail itself of the powers contemplated by the Bill, it will have to fulfill such conditions as the Government of India may by rule lay down as regards the extent to which education is already diffused within its area. Last year, in moving my resolution on this subject, I urged that where one-third of the boys of school-going age were already at school, the question of introducing compulsion might be taken up for consideration by the Local Body. I think this is a fair limit, but if the Government of India so choose they might impose a higher limit. In practice, a limit of 33 per cent. will exclude for several years to come all District Boards, and bring within the range only a few of the more advanced Municipalities in the larger towns in the different Provinces. Moreover, a Local Body, even when it satisfies the limit laid down by the Government of India, can come under the Bill only after obtaining previously the sanction of the Local Government. I submit, my Lord, that these are ample safeguards to prevent any ill-considered or precipitate action on the part of a Local Body. Then the Bill provides for a compulsory period of school attendance of four years only. Most countries have a period of six years, and even Ceylon and Baroda provide six years; Italy, which began with three, and Japan, which began with four years, have also raised their period to six years. But considering that the burden of additional expenditure involved will in many cases be the principal determining factor in this matter, I am content to begin with a compulsory period of four years only. The next point to which I would invite the attention of the Council is that the Bill makes ample provision for exemption from compulsory attendance on reasonable grounds, such as sickness, domestic necessity or the seasonal needs of agriculture. A parent may also claim exemption for his child on the ground that there is no school within a reasonable distance from his residence, to which he can send the child without exposing him to religious instruction to which he objects; and a distance of one mile is laid down as a reasonable distance. This, however, is a matter of detail, which, perhaps, may better be left to Local Governments. When a Local Body comes under the Bill,

the responsibility is thrown upon it to provide suitable school accommodation for the children within its area, in accordance with standards which may be laid down by the Education Department of the Local Government. On the question of fees, while I am of opinion that where attendance is made compulsory, instruction should be gratuitous, the Bill provides for gratuitous instruction only in the case of those children whose parents are extremely poor, not earning more than Rs. 10 a month, all above that line being required to pay or not in the discretion of the Local Body. This is obviously a compromise, rendered necessary by the opposition offered by so many Local Governments to the proposal of abolishing fees in primary schools, on the ground that it means an unnecessary sacrifice of a necessary and useful income. Coming to the machinery for working the compulsory provisions, the Bill provides for the creation of special school attendance committees, whose duty it will be to make careful enquiries and prepare and maintain lists of children who should be at school within their respective areas, and take whatever steps may be necessary to ensure the attendance of children at school, including the putting into operation of the penal clauses of the Bill against defaulting parents. The penal provisions, it will be seen, are necessarily light. To ensure the object of the Bill being fulfilled, the employment of child labour below the age of ten is prohibited, and penalty is provided for any infringement of the provision. Lastly, it is provided that the Government of India should lay down by rule the proportion in which the heavy cost of compulsory education should be divided between the Local Government and the Local Body concerned, it being assumed that the Supreme Government will place additional resources at the disposal of the Local Government, to enable it to defray its share, the Local Body being on its side empowered to levy a special Education Rate, if necessary, to meet its share of the expenditure. It is obvious that the whole working of this Bill must depend in the first instance upon the share, which the Government is prepared to bear, of the cost of compulsory education, wherever it is introduced. I find that in England the Parliamentary grant covers about two-thirds

of the total expenditure on elementary schools. In Scotland it amounts to more than that proportion, whereas in Ireland it meets practically the whole cost. I think we are entitled to ask that in India at least two-thirds of the new expenditure should be borne by the State.

This, my Lord, is briefly the whole of my Bill. It is a small and humble attempt to suggest the first steps of a journey, which is bound to prove long and tedious, but which must be performed, if the mass of our people are to emerge from their present condition. It is not intended that all parts of the Bill should be equally indispensable to the scheme, and no one will be more ready than myself to undertake any revision that may be found to be necessary in the light of helpful criticism. My Lord, if I am so fortunate as to receive from the Council the leave I ask at its hands, it will probably be a year before the Bill comes up here again for its further stages. Meanwhile, its consideration will be transferred from this Council to the country, and all sections of the community will have ample opportunities to scrutinise its provisions with care. My Lord, this question of a universal diffusion of education in India depends, almost more than any other question, on the hearty and sympathetic co-operation of the Government and the leaders of the people. The Government must, in the first instance, adopt definitely the policy of such diffusion as its own, and it must, secondly, not grudge to find the bulk of the money, which will be required for it, as Governments in most other civilised countries are doing. And this is what we are entitled to ask at the hands of the Government in the name of justice, for the honour of the Government itself, and in the highest interests of popular well-being. The leaders of the people, on their side, must bring to this task high enthusiasm, which will not be chilled by difficulties, courage, which will not shrink from encountering unpopularity, if need be, and readiness to make sacrifices, whether of money or time or energy, which the cause may require. I think, my Lord, if this Bill passes into law, the educated classes of the country will be on their trial. It is my earnest hope that neither they nor the Government will fail to rise to the

requirements of this essentially modest and cautious measure. My Lord, one great need of the situation, which I have ventured again and again to point out in this Council for several years past, is that the Government should enable us to feel that, though largely foreign in personnel, it is national in spirit and sentiment; and this it can only do by undertaking towards the people of India all those responsibilities, which national Governments in other countries undertake towards their people. We, too, in our turn, must accept the Government as a national Government, giving it that sense of security which national Governments are entitled to claim, and utilising the peace and order, which it has established, for the moral and material advancement of our people. And of all the great national tasks which lie before the country, and in which the Government and the people can co-operate to the advantage of both, none is greater than this task of promoting the universal diffusion of education in the land, bringing by its means a ray of light, a touch of refinement, a glow of hope into lives that sadly need them all. The work, I have already said, is bound to be slow, but that only means that it must be taken in hand at once. If a beginning is made without further delay, if both the Government and the people persevere with the task in the right spirit, the whole problem may be solved before another generation rises to take our place. If this happens, the next generation will enter upon its own special work with a strength which will be its own security of success. As for us, it will be enough to have laboured for such an end—laboured even when the end is not in sight. For, my Lord, I think there is not only profound humility but also profound wisdom in the faith which says:—

> 'I do not ask to see that distant scene:
> One step enough for me.'

[*Replying to the criticisms which were offered to his motion for leave to introduce the Bill, Mr. Gokhale spoke as follows*:—]

Sir, I have surely no reason to be dissatisfied with the reception which the Bill has met with at the hands of the

Members of the Council. No man has the right to expect—and I certainly did not expect that any proposals that he brings forward on a subject of such importance would be accepted by a body like this Council without any criticism; and if I rise, Sir, just now, to speak a second time, it is for two reasons. In the first place, I wish to express my sense of obligation to the Hon'ble Mr. Butler personally, and to the Government of India generally, for the attitude they have adopted towards this Bill. The attitude is no doubt cautious but it is not unfriendly, and it certainly goes as far as I had ventured to expect—I had not expected that it would go further than that. The second reason why I wish to say a few words before this debate is brought to a close is that I want to clear certain misconceptions to which expression has been given to-day, about some of the provisions of the Bill, as also about my object in bringing the Bill forward. Sir, as I pointed out in the course of the remarks with which I asked for leave to introduce this Bill, if there is one fact established more clearly than another in the history of primary education, it is this, that, without compulsion, there can be no universal diffusion of education. You may shake your heads—anybody can shake his head—and say that the time for compulsion has not come; that we shall try the experiment on a voluntary basis; that we shall wait for some time; that we shall achieve here what nobody else has achieved elsewhere. Anybody may say this, but, as sure as we are here, as sure as we are discussing this question in this Council to-day, I say that everybody will in the end recognise that without compulsion it is impossible to secure the universal diffusion of education throughout the country. That being so, the only effective and proper course is to suggest that the Government should introduce compulsion. And if the Government of India had not been beset with its peculiar difficulties, I should have urged it to take up this question and introduce compulsion on its own account. But, as I have already observed, there are several considerations which render such a course difficult, if not impossible. And since that cannot be, I am content to proceed on other lines and to try a measure, such as I have brought

forward to-day. Sir, my Hon'ble friend Mr. Dadabhoy says that District Officers hold a very strong position on District Boards, and therefore, if this Bill is allowed to become law, District Officers, who may find no difficulty in getting the sanction of the Local Government, may use their position on the Boards to introduce compulsion. If this really happens, I say at once that I shall rejoice, because it will really mean that the Government will be accepting its own responsibility and introducing compulsion. I do want the Government to introduce compulsion if only it will do so; but as the Government will not do it, we have got to see what else we can do, and that is why I want this Bill.

Sir, as far as I have been able to gather from to-day's discussion, hardship is apprehended in regard to three matters in carrying out the provisions of this Bill. The first is that District Boards, which are largely under official influence, might introduce compulsion, though the people may not be prepared for it. But I have already pointed out that the Government of India will first of all lay down the standard which must be satisfied by any local body before it introduces the principle of compulsion. I myself have suggested a limit of 33 per cent., but as the matter has been left to the Government of India, I think, if ever this Bill becomes law, that they are likely to adopt a higher limit than 33 per cent. of the school-going population being at school. And a limit of even 33 per cent., not only now but for several years to come, will not be satisfied by any District Board. It will no doubt be satisfied by several Municipalities, but that is another matter. Therefore I do not think that the fear expressed about hasty action by District Boards is well-founded. If after the country has been familiarised with the idea of compulsion for some time, District Boards also follow in the wake of Municipalities, I do not think that there would be any reason to regret such a development. Then, Sir, a great deal has been said about the hardship which may be caused by empowering these bodies to levy a special education cess. My friends who have spoken have ignored the fact that the cess, when levied, is to be levied by the local

bodies, and that it will require the sanction of the Local Government before it is levied. Those who say that the local bodies might consist of idealists and might be hasty in their action stand on a different footing from those who object to any special cess at all. To the former, I think it is a sufficient answer to point out that there is the Local Government to check idealism if there is any tendency in that direction. But there are those who object to any cess at all, and they have strongly urged to-day that it would be a calamity, a disaster, if any cess is ever levied in order that primary education might be made compulsory. Sir, I am unable to accept this opinion. On the other hand, I feel strongly that, if primary education is ever to be compulsory, local bodies will have to bear a fairly large share of the burden which it will impose. This is the case in all countries where the system of compulsory education prevails; and those friends of mine who object to the levy of a cess might as well object to compulsory education and be done with it. I admire, Sir, my Hon'ble friend Mr. Dadabhoy's candour and consistency. Mr. Dadabhoy is against the levy of a local cess which may have to be imposed in order that the children of poor people may be educated. Mr. Dadabhoy the other day proposed that the excise-duty on cotton goods should be done away with, not on the ground that its burden falls on the consumers who are the poorest of the poor, but because the amount, if added to the profits of the mill industry, will mean a better return for the mill-owners. Mr. Dadabhoy also wants unrestricted hours for factory labour, for that means better dividends for capitalists. He is consistent all through; but his consistency need not appeal to this Council; and I think an attitude like his will hardly commend itself to those who wish well to the masses of the people. Sir, my fear is that, if this Bill ever becomes law, our financial difficulties will then only begin. It is not the cess that will constitute the real difficulty; it is the share that will have to be borne by the Government. The bulk of the money has to be found by the Finance Department of the Government of India, and I fear in the Hon'ble Sir Guy Fleetwood Wilson (I am sorry he is not in his place—I should have

liked to say this in his presence) we shall probably find a dragon in the path. However, we shall have to agitate in this matter as in other matters, and I think an important lever has now been put into our hands by the Government by the creation of the new Education Department. Surely the Education Member must have something to do, and if he is to do anything, they must give him money to spend. I think that that will be our lever, and if we use the lever properly, the Government will find the money we want in the end. There is no reason why we should not entertain this hope. That it is what every civilized Government is doing for its own people, and that is what we are entitled to expect from our Government. The third fear expressed is about extending compulsion to girls at the present stage. Sir, I have already expressly stated that the intention is that the education of girls should for the present continue on a voluntary basis, though I certainly hope that before long the necessity of putting that education on the same footing as that of boys will be recognized, and the Bill only takes powers for that time when it comes. Remember that Baroda has compulsion even to-day for girls as well as boys. My Hon'ble friend Sir Sassoon David says that the time for compulsion has not yet come. Will he tell us when the time for compulsion arrives? Will he tell us how and why it has arrived in Baroda and not in British territory? Will he tell us how it has arrived in Ceylon and not in British territory? Will he tell us why, when the Philippino Municipalities have introduced compulsion, our own Municipalities should not? Of course, if you merely assert that the time has not arrived and stop there, it is not possible to argue with you. The Hon'ble Mr. Butler declines to accept my analogies and says that the state of things in this country is different to what it is elsewhere; and as regards Baroda, he says that it is governed autocratically and that makes a great difference. Western countries will not do, because they are governed democratically! Baroda will not do, because it is governed autocratically! I suppose the Hon'ble Member will not be satisfied unless I produce the analogy of a country, governed bureaucratically; and as there is no other country

governed as India is, he is safe in insisting on such an analogy, and I must say I give it up. Sir, I will now address only two words in conclusion—one to the Government and the other to my non-official colleagues, and then resume my seat. To the Government I will merely put this question: Are you content to lag behind Baroda? Every day that passes, while Baroda has a system of compulsory education, and we have not—every day that passes like that, material is produced which will go to build up a judgment against you; and I am quite sure the conscience of the Government will, before long, be roused to this question. You may say what you like in defence of the existing situation; but you are bound to realize that you cannot lag behind Baroda, and I am convinced that the question of compulsion is for us now only a question of time. To my non-official colleagues I will say this: if we are not prepared to bear a cess for educating the children of the mass of our own people, if we are not prepared to make sacrifices for so great an object, if we expect the money to drop from somewhere—and remember, even if the Government raise it by additional taxation, after all it is we who shall pay it—we may as well cease talking about improving the lot of the mass of the people. Sir, if we want our country to advance, there is only one way, and that is that the mass of the people in this country must be raised to a higher level. This can only be achieved by the spread of education, which in its turn requires a large expenditure of money. And a reasonable part of this money must be raised locally, as is being done in other countries, or else we may leave the matter well alone. Sir, I do not wish to say anything more. I once again beg to express my obligations to the Hon'ble Mr. Butler and to the Government for the attitude they have adopted towards this Bill, and I am also most grateful to those Hon'ble Members who have accorded this measure their cordial support.

My Lord, I will now say a few words by way of reply to the observations which have been made by several Members on this resolution. At the outset, I would express my thanks to the Hon'ble the Home Member for

the assurance that he gave at the end of his speech that the Government would consider carefully the proposals laid by me before the Council to-day. I wish I could feel the same degree of satisfaction in regard to certain other parts of his speech, notably in regard to what he said about a Commission going up and down the country, inviting suggestions from all and sundry as to what should be done by Government in this matter. I must also say that I was somewhat surprised to hear that the suggestions which I have placed before the Council appeared to be altogether new to the Hon'ble Member. My Lord, when I suggested the appointment of a Commission I naturally also meant that the Government should take some interest in the matter; and if they took some interest in it, they would not start a Commission with a mere blank sheet of paper before asking it to go up and down the country inviting suggestions. The Government would then start the Commission, as is invariably done in such cases, with definite instructions, and definite questions would then be framed on which opinions would be invited from the public. As regards the statement of the Hon'ble Member that my suggestions were new, it only emphasizes what I have been insisting on in the Council for several years, namely, that education should be made over to a separate Member of this Council. Education is one of twenty other Departments with which the Hon'ble Member has to deal, and it is not to be expected that he will pursue educational matters with the same diligence and the same watchfulness with which they are pursued in other countries, notably in America, where they try to follow what is being done throughout the world every year in regard to education. If things had stood where they were left by the Hon'ble Sir Harvey Adamson, I should have thought that Government had adopted towards my resolution an attitude which was, on the whole, not unfriendly. But the remarks made by the Hon'ble Sir H. Stuart appear to me to be uncompromisingly hostile. I speak subject to correction because the Hon'ble Member had quite finished his Binomial Theorem when the bell rang and the time allowed for the examination was over. I can therefore confine myself only to what he actually said, and that

portion did not sound as at all friendly to my motion. I must notice three observations that he made. The first was in connection with my humble self. I see that the Hon'ble Member has been studying some of my past utterances. That is a matter from which I should perhaps derive some satisfaction. I must say, however, that he has not been reading my speeches correctly. He has no justification for saying that I have now taken up a position which is inconsistent with the position I had taken up before. It is true that three years ago I urged that Government should begin in this matter by making primary education free, and then proceed to make it compulsory. The aim always has been to have it free and compulsory. Three years ago I urged the abolition of fees first because Government had then plenty of money, with which they hardly knew what to do. As Government was then inclined to be favourable to that idea—and as to that I have only to refer to the Government Resolution issued at that time to make clear what their attitude was in the matter—I thought that was the line of least resistance. But throughout my aim has been to work steadily towards compulsion. The financial position, however, has changed. When new taxes have just been added, I cannot very well suggest to this Council that primary education should be made free straight off. I therefore have changed my track a bit, and, instead of beginning with the abolition of fees, I ask for the introduction of the principle of compulsion, which has always been an integral part of my scheme. I do not see that there is any inconsistency in that. If the Government abolish fees to-day, no one will rejoice more than I. There was another observation made by the Hon'ble Member which was slightly more serious. He said that I had expressed myself in a manner that was ungenerous towards Sir Arundel Arundel about three years ago in this Council. Now, my Lord, a reference to the debates of that time will shew that this description of what I then said is not justified. What happened was this:—In March 1906, when the Budget Statement was under discussion I urged that primary education should be made free. There was a large surplus, in fact, as I have

said, Government did not know what to do with their money. Sir Arundel Arundel, who was then the Home Member and therefore in charge of education, in his reply described my suggestion as a large order. He no doubt expressed the same kind of sympathy with my object that the Finance Member lavished on us while he was putting on us new taxes. He said the object was very good and the Government would keep it steadily in view as a distant peak which some day they might be able to reach, but for the present they had to crawl along the plain. Within six months, however, Government issued a Resolution practically recommending free education to Local Governments. It was not a circular letter merely asking what Local Governments thought. It was more; the whole tone of it shows that it was practically a recommendation that was made. Of course they asked as a matter of courtesy, what the Local Governments thought of the matter but the whole document reads as if the Government of India had made up their minds on the subject. The next year's Financial Statement contained a remark which was quoted by the Hon'ble Mr. Dadabhoy to the effect that if the Secretary of State's orders were received in the course of the year, primary education would be made free and funds would be made available. Therefore, from the position which Sir A. Arundel took in March to the position in November there was a tremendous advance. I noted that fact in March following and I used it as an argument that education should be in charge of a separate Member who would take a special interest in it, and it should not be one of 20 other Departments over which the Home Member presided. I think the present system under which Education has to rub shoulders with Jails, Police and other Departments in charge of the Home Member, is one that is distinctly prejudicial to the interests of Education. The third point that I must notice in Sir H. Stuart's remarks is about his calculations as to the cost of my scheme. My Lord, there is a saying that the worst enemy of the good is the best. I proposed some humble advance; the Hon'ble Member straightway wants us to go to the farthest point possible and then frightens the Council by calculations based on that. He may as well have said, 'if

education is to be free why not adopt the system that prevails in America ? Then the cost will be 30 or even 40 crores. If you want to make a proposal look, I won't say, ridiculous, but I will say queer in the eyes of people, then I have no objection to that method. But I should not have expected that from one with the sympathies which Sir H. Stuart is known to have in this matter.

My Lord, I now come to what fell from the Hon'ble Mr. Orange in a speech to which we listened with great pleasure and sincere admiration. I have no quarrel with his position : I know his heart is practically with us in this matter, but he has to be practical and to cut his coat according to his cloth. He has to consider his resources and is strictly limited by them. One friendly warning he gave me which I am prepared to take in the spirit in which I am inclined to think it was offered, namely, that I should not complicate a consideration of this question by a reference to extraneous questions, such as railway finance, taxation of jute, etc. Now I can assure the Hon'ble Member that I did not introduce those matters in any wanton spirit. As a matter of fact unless you show that there are resources, the first difficulty that is pressed upon you is this. It is all very well to suggest such schemes, but where is the money to come from ? If however you suggest measures for finding the required money, you are straightway told that you are introducing extraneous matters and interfering with vested interests. There was one point in the Hon'ble Mr. Orange's speech in regard to which I throw the main responsibility on Government. The Hon'ble Member said that the great difficulty was about the provision of sufficient accommodation by local bodies. That is true. He quoted from a report of the Government of Bombay which said that 100,000 children were seeking admission but had no accommodation. But why is this so ? Why have not local bodies been required to provide accommodation ? I quoted this morning one of the recommendations of the Commission appointed in Lord Ripon's time. The Commission had distinctly recommended that legislation should be resorted to in order to promote the extension of primary

education; by that the Commission means that powers should be taken by Government to require local bodies to provide accommodation. That was 25 years ago, but the recommendation has been allowed to remain a dead letter. No action has so far been taken on it and now we are confronted with this difficulty. Certain objections were raised to day by the Hon'ble Mr. Chitnavis and the Hon'ble Mr. Majid to the principle of compulsion. They both thought compulsion was undesirable because if all children were sent to school it would be difficult to get labour. In answer to that I respectfully recommend to them a perusal of the debates in the House of Commons, when the Education Act of 1870 was passed; they will find them in the volumes of Hansard. Such objections have always been urged, but as I said this morning the mass of people do not live in order to supply labour to those who wish to prosper on it. I think it is the elementary right of every child that it should receive at least the rudiments of education. Mr. Majid referred to the religious difficulty; as regards that I am in sympathy with him. That is a matter for the Commission to consider, if one is appointed. Nothing of course should be done which would go against the religious prejudices of any community. As regards special taxation, well, I do not share the fears expressed. If Government takes up this matter in the spirit in which I should like them to do it, I do not think there would be any necessity for special taxation. I do not think we should accept Sir H. Stuart's calculations. I do not really think that the cost will be more than 4 or 5 crores, even if education is provided for the whole of the male population; and the burden that would fall upon the State would not be very heavy. As regards the children of poorer classes becoming gentlemen, if they are educated, that is an argument which I had better leave alone. My Lord, I think the whole discussion has established two things: first, the necessity for an inquiry has been clearly established. There is the point to which the Hon'ble Mr. Orange has referred, namely, requiring local bodies to provide accommodation. The Hon'ble Mr. Quin has told the Council of the opposition of villagers to education, and other members have expressed other views.

Even the official members are not agreed in this matter. Therefore, I think, the necessity for an inquiry is clearly established. I may remind the Council that when the Commission of 1882 was appointed, 25 years had elapsed since the educational policy had been laid down by the Despatch of 1854, and that lapse of time was considered sufficient to justify an inquiry. Twenty-five years have again elapsed since then, and therefore, I think the time has come when Government should direct a fresh inquiry into this question. If the Government will go so far as to say they will make an inquiry into the state of primary education—how far the policy recommended by the Commission of 1882 has been carried out and what new measures it will be desirable to take—that will substantially meet the requirements of the situation.

My Lord, the second point that I think has been established, is the absolute necessity of strengthening the position of Education among the Departments of the Government of India. Sir H. Stuart quoted from my evidence before the Decentralization Commission and referred to a superficial inconsistency. He says I advocate to-day that Education should be made a divided head instead of a Provincial head, but that before the Decentralization Commission I had said there should be no divided heads. That is true on the surface, but that is not fair; for you must take my scheme submitted to the Decentralization Commission as a whole. If you do so, then you will find that there need be no divided heads, for I have advocated a large measure of financial independence of Local Government and under that scheme Local Governments will be able to find the money. But as long as the present excessive centralization continues, the Government of India must take the responsibility of finding money upon themselves so that the money should be forthcoming. If the Government of India become directly responsible for the spread of Education in the country, then I am quite sure that more money will be spent. Under existing arrangements, if the Government of India are able to spare any money for education, they make small grants spasmodically to

Local Governments for the purpose. What is needed however is a large programme constantly kept in view and steadily carried out, and this can only be secured if education is a direct concern of the Government of India.


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